



AFGHANISTAN

**PRELIMINARY NEEDS ASSESSMENT
FOR RECOVERY AND RECONSTRUCTION**

January 2002

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EXECUTIVE SUMMARY

More than two decades of conflict and 3 years of drought have led to widespread human suffering and massive displacement of people in Afghanistan. Resolution 1378 of the UN Security Council provides the opportunity and framework for recovery and reconstruction efforts to buttress the political settlement.

Afghans themselves need to manage the process of reconstruction and the international community is committed to help. To this end, a Steering Committee of donor governments requested the Asian Development Bank (ADB), the United Nations Development Programme (UNDP), and the World Bank to conduct an urgent preliminary needs assessment for consideration at a Ministerial Meeting in Tokyo on 21-22 January, 2002.

The purpose of the assessment is to help determine the requirement of external assistance to support Afghanistan's economic and social recovery and reconstruction over the short and medium term. The assessment does not cover humanitarian assistance. It identifies a program of activities that encompass both short-term priorities and options for longer-term development initiatives. Accordingly, the estimated funding requirements cover 1, 2.5 (expected term of the Transitional Administration), 5 and 10 year horizons.

Given past turmoil in Afghanistan, much of the available data on the country is out of date. In view of the time and security constraints, it was impossible to field-test the available information. All data and conclusions in this document should therefore be treated as indicative.

Consultations were held with Afghan civil society representatives in Islamabad and Tehran and the views of members of the Interim Administration were solicited in Kabul. More detailed consultations, as well as fieldwork, will be undertaken after the Tokyo meeting to flesh out the reconstruction program and firm up the funding requirements.

The Development Framework

Investments in rehabilitation and reconstruction should

- involve Afghan men and women at all stages (in planning, design, and implementation);
- be contingent on having appropriate policy and institutional frameworks in place;
- incorporate substantial components of institutional support to local communities and emerging government institutions; and
- promote human rights and social inclusion, including support and protection of vulnerable groups.

The reconstruction program would also help reverse environmental degradation in rural areas and facilitate private sector engagement in rebuilding the economy.

Key members of the Afghan Interim Administration consulted in Kabul expressed commitment to cooperate with all the potential partners for recovery and reconstruction, namely

communities, nongovernment organizations (NGOs), international development agencies, and the private sector (domestic and international). Institutional capacity needs to be established for approving and managing reconstruction contracts with the private sector, and for transferring resources to communities and strengthening local institutions.

Security, Justice and Human Rights

The Bonn Agreement has infused a new sense of hope for Afghans to live in an environment that is safe from physical violence and arbitrary coercion. The first step is to create the conditions in which the fragile political process can gain strength and proceed with assurances. Priorities include physical security—removal of the threat of mines and of the war economy promoted by drug production. The requirements for the short and long term include organizing a security force and finding alternative livelihoods for thousands of ex-combatants.

Afghanistan had been the source of 80% of the world's poppy production. The ban imposed by the Taliban had been enforced effectively. Now, though, land previously planted with poppy, particularly in the southwest and northeast of the country, is likely to revert to that use. This resurgence of drugs poses a serious threat to the political process underway. Effective enforcement of the ban on poppies is essential.

Currently, Afghanistan is the most mine- and unexploded ordnance (UXO)-affected country in the world. There are some 200,000 survivors of mine/UXO accidents, and the death and injury rate ran at 150-300 per month prior to the current crisis. In addition to the human toll and loss of livestock, mines/UXO pose problems for the return of internally displaced persons and refugees, and for agriculture operations and rehabilitation of rural infrastructure. Fortunately, mine action in Afghanistan has been extremely cost-effective with experienced UN and NGO teams. The focus should be on expanding the mine action program such that the country could be free from the impact of mines and UXO in 5-7 years.

Governance and Economic Management

The Bonn Agreement provides the basis for a widely respected and understood legal framework. In addition, establishing the rule of law will require a supreme court and lower courts, a human rights commission, as well as procedures for resolving rural and urban land disputes.

The disruption of the last two decades offers an opportunity to rebuild government structures. Recreating the government activities and systems of public management of the 1970s seems neither necessary nor desirable. Good governance to suit Afghanistan's current needs would call for

- a limited, but effective state that takes full advantage of existing capacity at the community level;
- a balance of centralized and decentralized functions;
- simple and transparent procedures to minimize corruption and discrimination;
- effective aid management within a lean government bureaucracy; and

- limited policy interventions to reflect essential actions in the near term.

During the early years when the Afghanistan Government is unable to collect substantial tax revenue, it is essential that the international community provide funding to cover the recurrent costs of basic functions of government, including salaries of teachers and health workers.

It is also important for the central Government to be responsive to the regions, districts and communities. Transfer of resources to local institutions is expected to help achieve real benefits in various sectors such as school construction, road access, water supply and sanitation.

For the economy to stabilize and begin to grow, attention is needed to restore critical economic and financial functions. Here the focus should be on strengthening the central agencies, Da Afghanistan Bank and the Ministry of Finance, strengthening the payments system, and implementing the basic regulatory framework for commercial banking. Early attention is also required for creating a sound investment climate aimed at the re-emergence of an efficient and thriving private sector.

Social Protection, Health, and Education

Social protection is necessary for many vulnerable groups including women, refugees and internally displaced people, the disabled, orphans, and ex-combatant children. Central to the recovery strategy is the building of community and individual assets, leading to the resumption of sustainable livelihoods. Activities could include public works programs (food-for-work and cash-for-work), microcredit support (especially for women), skills training and vocational support. In addition, support to key civil service institutions should include affirmative action to increase female employment at all levels.

Improving the health status of Afghans is a pressing priority. Life expectancy at birth is 44 years, 1 in 4 children dies before age 5, 1 in 12 women dies in childbirth, and the population growth rate is 3%.

In health, the most urgent mission is to revive the preventive and public health services, including a few low-cost interventions that have high payoff. This means expanding the basic programs of immunization; reproductive health; communicable diseases control (polio, measles, TB, HIV/AIDS); maternal and child health (supplementary and therapeutic feeding, emergency obstetrics care); health and hygiene education and communication; and refresher training for existing health workers, many of whom will be women. Afghanistan will also need the capacity to deal with war-related catastrophic health problems (reconstructive surgery, artificial limbs, mental trauma care). This program will require government provision of the recurrent costs of reviving the public health delivery system (salaries, transport, vaccines, drugs, contraceptives, other supplies, and facility rehabilitation).

Afghanistan's education system is also in a state of virtual collapse. The gross enrolment ratio in primary education is 38% for boys and 3% for girls. Rebuilding the education system is one of the country's immediate priorities. The most urgent task is to rapidly expand primary and secondary education. This involves reactivating government schools, re-hiring teachers, providing them with essential teaching materials and using whatever spaces are available for conducting lessons. While the program needs to be 'Learning for All', the emphasis should be on getting school-age girls back to school. Also important is the rehabilitation of Kabul University

and regional colleges. All of this will require funds for teacher salaries, learning materials and such minimal rehabilitation as to provide an acceptable learning environment. Maximum use needs to be made of ongoing community and NGO programs that are already providing education. Beyond the immediate recovery period, there is a long agenda to address: preschool classes, revamping the curriculum, establishing systematic teacher training, developing better textbooks, and promoting adult learning.

Infrastructure

The ravages of war not only devastated Afghanistan's infrastructure and deferred maintenance, it also prevented new investment that would have raised services above prewar levels. In fact, it is difficult to understate the low base from which reconstruction will begin. Only 23% of the population has access to safe water and 12% to adequate sanitation; only 6% of Afghans had access to electricity in 1993 and energy consumption (45 kWh per capita) was among the lowest in the world; and there are only two telephones per thousand people (compared with 24 in Pakistan, 35 in Tajikistan, and 68 in Uzbekistan). It is estimated that much of the primary road network of 2500 kilometers needs rebuilding.

The short-term priorities vary across the sectors, and for network (national/urban) compared with nonnetwork supply (particularly in rural areas). They include

- removing transport bottlenecks, such as collapsed bridges, disintegrated pavements, and damaged tunnels, to restore normal traffic operations on the main road network;
- installing emergency air traffic services for international and domestic air traffic;
- undertaking essential repairs to urban piped water systems, and improving access to water in priority rural areas;
- repairing power supply, especially for health facilities, water supply, key government offices, businesses and, where possible, private residences; and
- establishing emergency radio broadcast services.

Longer-term priorities in infrastructure could include construction of new highways, a rural access road construction program, rehabilitation of key airports, improving water access for more than 2 million people in rural and urban areas, and countrywide expansion of broadcast services.

Agriculture, Food Security, and Natural Resource Management

Although Afghanistan's agriculture system is robust and resilient, crop production and livestock have suffered badly due to drought (over 50% decline in grain production in the last 2 years). Prior to the onset of drought, however, agriculture had made a good recovery from war-related loss of productive capacity in the 1980s and early 1990s. Despite environmental degradation caused by the war, and the problem of mines and UXO, there is no reason why Afghan agriculture cannot recover again.

In the short term, the priorities would be

- in the crop sector, supply of essential inputs (seed, fertilizers, tools) and raising seed production;
- in the livestock sector, collecting data on stocks and pasture conditions, and restoring veterinary services; and
- in the horticulture sector, an inventory of existing orchards, and supply of propagative material and seeds.

Effective enforcement of the ban on poppies is essential. However, the challenge in the agriculture sector is to provide alternative livelihoods to farmers and seasonal workers who depend on the poppy harvest.

In most parts of the country, water is an even more critical resource than land. Rainfall is scant and highly variable. Irrigation is vital for agriculture. The immediate task is collection of reliable baseline information on what currently exists to help prioritize repair of small irrigation schemes. A national assessment of groundwater resources should also be undertaken as a matter of urgency.

Over the longer term, attention could be given to improved technologies, medium and large irrigation/hydropower schemes and expanded watershed management, and establishment of export-oriented markets.

Cost Estimates

The projected funding requirements of the Afghanistan reconstruction program are estimated on a commitment basis. Actual disbursements relative to investments may experience a variable lag depending on the nature of the projects. Recurrent expenditures, however, are not likely to experience such disbursement lags.

Projected cumulative funding requirements are as follows:

(US\$ million)

Scenario	1 Year	2.5 Years	5 Years	10 Years
Base Case	1,700	4,900	10,200	14,600
Low Case	1,400	4,200	8,300	11,400
High Case	2,100	6,500	12,200	18,100

I. INTRODUCTION

1. More than two decades of conflict and three years of drought have led to widespread human suffering and massive displacement of people in Afghanistan. Many parts of the country are vulnerable to famine, the infrastructure base has been destroyed or degraded, and human resources have been depleted. State institutions have become largely nonfunctional and the economy increasingly fragmented. The social fabric has been weakened considerably, and human rights undermined, with women and minorities being the principal sufferers. Prior to 1979, Afghanistan was among the poorest countries of the world. Since then, its economic and social indicators have only deteriorated further.

2. Resolution 1378 of the UN Security Council provides the opportunity and a framework for recovery and reconstruction efforts to buttress the political settlement. While Afghans themselves need to manage the process of reconstruction, the international community is committed to help. To this end, at a meeting in Washington, D.C. on 20 November 2001, a Steering Committee of donor governments requested the Asian Development Bank (ADB), United Nations Development Programme (UNDP), and World Bank (WB) to urgently conduct a preliminary needs assessment for the reconstruction of Afghanistan. At a subsequent meeting of the Steering Committee in Brussels, on 20-21 December 2001, the ADB/UNDP/WB team was asked to provide an early view of the broad funding requirements by 10 January 2002. This was duly done. The present document is the preliminary needs assessment on recovery and reconstruction that will inform the Ministerial Meeting of the Steering Committee to be held in Tokyo on 21-22 January 2002. It does not include an assessment of food needs or support for refugees that has been done separately by UN agencies.

3. Work on the preliminary assessment was initiated by the ADB, UNDP, and WB before the establishment of the Afghan Interim Administration (AIA) on 22 December 2001 and since that time, consultations with members of the AIA have been initiated. The AIA will provide leadership in the second phase of the comprehensive needs assessment, with continued support from UNDP, WB, ADB, and the international community. Due to time constraints within which the exercise was undertaken and because security conditions prevented data collection inside Afghanistan, recommendations must be regarded as indicative. The objectives of the needs assessment are to

- (i) outline strategic choices for reconstruction and development, including broad policy and institutional options;
- (ii) present the donor community with indicative funding requirements over 1 year, 2.5 years (corresponding to the mandate of the transition government), 5 years, and 10 years, with indicative sector breakdowns. Estimates are made for investments, recurrent costs and technical assistance requirements; and
- (iii) identify initial priorities with cost estimates, highlighting activities that need to start immediately.

4. In preparing this assessment, a program of activities has been identified to meet recovery and reconstruction needs in Afghanistan. The primary focus was on the term of the AIA—the next 6 months and transitional arrangement for the next 2.5 years—where the further strengthening of the AIA should result in the smooth transition from

emergency relief to economic and social recovery. In addition to identifying quick-impact interventions, the program has been placed in a longer term context, with 5- and 10-year horizons. Hence, the assessment covers options for medium-term investment programs as well as longer range funding requirements. To the extent possible, an attempt has been made to specify the sector outputs and outcomes that the program can be expected to deliver. It is hoped thus to respond to the Steering Committee's concern that the reconstruction effort provide a positive vision for a future Afghanistan.

5. In view of the turmoil in Afghanistan over the past 20 years, systematic data collection has not always been possible. Moreover, available information can be contradictory; national "statistics" have been extrapolated from surveys with limited sample size. No fieldwork has been possible, given time and security constraints, to improve on this existing information. Hence, all data and projections contained in subsequent chapters should be treated as indicative.

6. Consultations with Afghans were held in Islamabad (27-29 November 2001) and in Tehran (7-8 January 2002) together with a wide range of civil society representatives, as well as in Kabul and Peshawar in December and January. The assessment team also participated in the year-end meeting at the Afghanistan Support Group in Berlin on 5-6 December 2001. Later, in Kabul (7-8 January 2002), the perceptions and views of some members of the AIA were solicited. These have been duly taken into account in preparing this needs assessment. However, due to the pressure of deadlines for preparation for the Tokyo conference, the process has been less than ideal. More detailed consultations will be held with Afghan stakeholders after the Tokyo meeting to confirm the priorities within the proposed reconstruction program and firm up medium and longer term funding requirements.

II. THE DEVELOPMENT FRAMEWORK

A. Political Context

1. Expressions of popular support for the UN-initiated political process underpin the hopes and aspirations of most Afghans. The shared vision is one of a country at peace with itself, ruled by laws, governed by a competent, transparent and responsible government. Rapid economic growth has the potential to rebuild a devastated country. This vision, expressed by the Afghanistan Interim Administration (AIA) and by many ordinary Afghans, is, above all, one of modernism and transformation.

2. The political process in Bonn resulted in agreement on the formation of the AIA. The AIA peacefully took power on 22 December and its cabinet was sworn in on that day. The AIA has been tasked under the Bonn Agreement with preparing the way to convene an emergency *loya jirga* within 6 months of the signature of the agreement. The *loya jirga* will lead to the establishment of a transitional administration and then to the holding of elections for a more permanent administration within a period of 2 years. In order for the interim and transitional administrations to build legitimacy and accountability, they will need the capacity to take responsibility for coordination and management of the overall recovery and reconstruction effort.

B. Intended Outcomes

3. The Afghan people face a formidable task of reconstruction and development. Among all the pressing needs that they face, the foremost task will be the formation of a legitimate and accountable government. The AIA has identified intended outcomes of the reconstruction process, as establishing

- (i) political stability and security,
- (ii) access to basic services,
- (iii) an adequate standard of living for its people,
- (iv) economic growth, and
- (v) in the longer term, independence from foreign aid.

C. Setting Priorities

4. Over the coming years, the Afghan Government and people face the challenge of building an environment in which all Afghan men, women and children in urban and rural areas have access to sustainable health, education, and basic infrastructure services, and have opportunities to better their lives. These fundamental objectives of poverty reduction and economic opportunity are common to all people and are at the heart of any development program, but they are particularly pressing in a country torn for more than two decades by conflict. In the immediate months, the AIA will be under pressure to achieve quick results in its reconstruction efforts—meeting pressing needs in a way that gives citizens a stake in peace and stability, and enhancing national integration. Because so much is needed, the AIA has already signaled its desire to give priority in the early stages to those regions most affected by the recent conflict and by drought, and the displacement arising from these events.

1. Immediate Priorities

5. Achieving security is fundamental. The early establishment of a national security force will be essential, but it will also be important to harness the energy of local institutions and civil society leaders. Effective demobilization is needed, including the provision of alternative livelihoods for those who have lived by the gun. Mine action will create a safer environment and enable an increase in agricultural production.

6. The establishment of sound and trusted basic governance arrangements is essential to these goals and a prerequisite for putting in place the policies and projects necessary to achieve them. In the Afghan context, this means building on local traditional institutions and re-establishing structures of central and local governments in a way that builds confidence and trust. The basic pillars of any system will be the transparency of process, participation, accountability, and the rule of law. Public communication of information through an effective media strategy will be vital.

7. Labor-intensive public works programs to rehabilitate infrastructure will be valuable in themselves and create much needed jobs. There should be a particular focus on vulnerable groups, on demobilized combatants and on regions with high populations of internally displaced persons and returning refugees. Employment schemes will need to be targeted at women as well as men.

8. The expansion of health and education services will not only benefit the community at large, but can also help partly redress massive disadvantage suffered by women and girls.

9. Across all sectors, more detailed assessments of needs and constraints (physical and institutional) are needed before proceeding with the development of large-scale investment and policy programs—and these are the subject of the full needs assessment to be carried out with the leadership of the AIA. Nevertheless, a significant number of actions need to take place immediately. These include investment programs aimed at achieving quick and visible impacts, as well as urgent policy and regulatory actions.

2. Specific Concerns

10. In Afghanistan, the common development problems of poverty, limited access to basic services, and limited economic opportunity are compounded by a long period of

- (i) serious abuse of human rights, especially violations of children's rights;
- (ii) far-reaching exclusion of women from key areas of social, political, and economic activity;
- (iii) threats to cultural heritage—with loss of physical and social assets;
- (iv) serious degradation of the environment (particularly deterioration of water resources and deforestation) affecting people's livelihoods, health and vulnerability;
- (v) substantial erosion of formal, legitimate private sector activity;
- (vi) massive population displacement, both internal and external;
- (vii) impact of war on children, including child soldiering, internal displacement, and massive and long-term physical and psychological trauma; and
- (viii) virtual collapse of the education system.

11. In recent years the denial of rights to Afghan women has been at the forefront of the international agenda. However, the problem did not start with the Taliban, and discrimination will not automatically disappear with their removal. The issues facing Afghan women are deeply rooted in social behaviors and practices. Afghan women have learned through the years of war the skills of survival. Now is the time to listen to their voices about their issues and priorities, and to work with them to design the programs that meet their needs.

12. Promoting and protecting human rights; promoting social, economic, and political inclusion of vulnerable groups; protecting children (particularly child combatants); protecting and re-energizing cultural heritage; tackling and reversing environmental degradation in rural areas; facilitating the return of refugees and internally displaced persons; and encouraging private sector engagement in the rebuilding of the economy will all shape project priorities and project design and implementation.

D. Guiding Principles for Recovery and Reconstruction

13. To be effective in establishing credible governance, addressing urgent needs and creating a sustainable basis for social and economic development, investments in recovery and reconstruction will need to be identified, designed, and implemented according to the following guiding principles:

- (i) Provide security and good governance.
- (ii) Ensure ownership of reconstruction programs and projects by the people and initially by the AIA, with priorities for achieving development outcomes set within a comprehensive framework.
- (iii) Re-establish basic services, especially quality education and create the conditions for economic growth, including transformation to a market-based modern economy and fostering the re-emergence of a dynamic private sector.
- (iv) Where possible use labor-intensive approaches to help create early opportunities for employment and training.
- (v) Reduce social exclusion and ensure the re-integration of women in Afghan society and economy.
- (vi) Arrest and reverse environmental degradation, and ensure that environmental considerations are integrated into the planning and development of sector projects.
- (vii) Adhere to principles of transparency, accountability, and public dissemination of timely financial reports. Here the government budget would be the main instrument for setting priorities, with funding support.
- (viii) Design the reconstruction effort as part of the larger exercise of nation-building, helping to create the conditions for peace, stability, and social inclusion.

E. Implementation Challenges and Opportunities

14. Recovery, reconstruction, and longer term development needs in Afghanistan are enormous and will require substantial new investment. A constraint on the design and delivery of effective and sustainable reconstruction and development programs will be the capacity of public institutions to facilitate their delivery. In early discussions, the AIA has expressed commitment to a number of principles that are fundamental for successful reconstruction programs, including

- (i) using the full variety of institutional actors to help in the reconstruction effort, including the civil service, private sector, community and nongovernment organizations (NGOs);
- (ii) using the most efficient possible institutional arrangements in order to obtain cost-effective results—including a commitment to using results-based approaches that reward private service providers based on their performance; and
- (iii) implementing transparent and accountable funding and procurement processes.

15. Communities themselves will be a key to harnessing the energy of Afghans to address their recovery and reconstruction needs. How the Government engages with communities and the support that will be required for that process is still to be decided, but community institutions, such as the *shuras* and *jirgas*, can serve as a base for development. However, these are not always inclusive, and women in particular have lacked representation. Ways should therefore be sought to widen participation.

16. The role of NGOs is also likely to change. To date most international relief, rehabilitation and community development activities have been channeled through them, but while they have often been effective in involving and targeting women and other vulnerable groups their geographical coverage is both limited and uneven. Scaling up sufficiently to provide an acceptable level of coverage is not possible with current ways of working, and NGOs are already discussing new operational approaches in order to best help the Afghan administration reach local communities with assistance.

17. National and local governments will likely play a role in the delivery of some key public services, and the new Government will require time to engage in policy discussions on such vital areas as the appropriate degree of decentralization of service delivery and the channeling of financial support for decentralized services. There are currently some 170,000 civil servants; this number is expected to increase to about 250,000 once previously dismissed workers (women in particular, many of whom were teachers) are re-engaged. The majority of these will be teachers and health workers. At one time 43% of Afghanistan's civil servants were women and specific programs of retraining and skills upgrading will be required to facilitate their re-entry into the workforce.

18. Members of the AIA have expressed the view that reconstruction should be based on the development of a private sector-led economy. The establishment of a supportive investment climate would be important so that private sector initiative plays a major role not only in the industrial and commercial sectors, but also in the rehabilitation and expansion of infrastructure and social services. Options range from emergency contracts for road rehabilitation and debris removal, to contracts and licenses for the rehabilitation and expansion, operation of and revenue collection for electricity and piped water systems, and the expansion of telecommunications services.

III. SECURITY¹

1. The Bonn Agreement has infused a new sense of hope and possibility for Afghans to live in a secure and safe environment protected from arbitrary coercion and physical violence. The first step is the creation of a secure environment within which broader needs and priorities of a fragile political process are assured. This will underpin the legitimacy and viability of the AIA. Furthermore, immediate priorities identified by the AIA such as reconstructing the road network, creating a climate of trust for the private sector, and restoring communications in the country cannot be implemented in the absence of security. Security for most Afghans is not an abstraction to be considered as part of a broader agenda of political convenience; it is the most urgent and crucial issue for consideration and support from the international community. It relates to immediate issues such as physical security and the institutional capacity to ensure it; reduction of small arms; demobilization and reintegration of former combatants; access to homes and fields and a mine action program that helps the displaced and refugees return home; the restoration of livelihoods, including breaking economic dependence and labor bondage to drug barons and their intermediaries; and the security of living in a society free of terror and coercion.

A. Security, Justice, and Human Rights

1. Security Force

2. The challenge for the AIA and the subsequent transitional administration is to establish effective security sector institutions able to provide security to communities and citizens while protecting the national sovereignty of the Afghan State and protecting human rights. The security sector (national army, police, intelligence, border, and customs) should be professional, representative of the community, appropriately sized, effectively managed, and subordinate to the civilian authorities.

3. The AIA is faced with a situation where virtually all institutional elements of the security apparatus have either completely disintegrated or have evolved into structures that are no longer relevant or responsive to the needs of an emerging democratic polity. The rebuilding and reorganization of the security sector is essential to the success of the fledgling political process and a prerequisite to the urgent task of the recovery and reconstruction of Afghanistan.

a. Immediate and Short-Term Priorities

- (i) conducting a security sector review;
- (ii) developing a national plan for the transformation of the security sector;
- (iii) supporting the implementation of the national plan;
- (iv) establishing a framework for ensuring civilian control and oversight of the security sector;
- (v) supporting an accelerated training programme for security sector personnel; and

¹ Assumptions on the security and police force size and roles were provided by the AIA and were not independently assessed.

- (vi) rehabilitating and reconstructing the military and police academies; providing support to equip, modernize, and maintain such security sector institutions.
4. The security sector organizations should be representative of the multi-ethnic character of the country, adequately paid and trained to enable it to pursue its mission of providing security and protecting human rights.
5. Constituting a new civilian police force is a major concern of the AIA. At present this does not exist with the exception of a small contingent of traffic police and of security officers detailed to provide guard functions in public buildings. Police functions have changed over time to intelligence gathering and paramilitary activities. They no longer operate within any commonly understood concepts of national or community policing.

b. Immediate Actions

6. Immediate priorities are to
- (i) establish a professional police force;
 - (ii) develop of immediate training requirements for the police force
 - (iii) develop a legal framework, internal rules and regulations consistent with international criminal justice standards;
 - (iv) establish a correctional service
 - (v) support development of criminal investigation capacity, forensics, preventive and community policing;
 - (vi) undertake immediate action to establish training curriculum to include “white collar” crimes, human right violations, and violence against minorities and women.

National Bureau of Investigation

7. A national plan of action for crime prevention and for combating drugs and terrorism is urgently needed. The development of a substantive capacity for dealing with serious crimes will be needed. Immediate priorities are
- (i) counterterrorism;
 - (ii) drug interdiction and drug-related investigations;
 - (iii) investigations of threats to national security and to elected/appointed leaders of the Government; and
 - (iv) investigation of customs, tax, and financial crimes.
8. To ensure that talented men and women are available for the tasks assigned to the NBI, it is essential that a professional National Security Training Center (NSTC) be established. The purpose of such a center would be not only to produce ‘world class’ staff for different departments of the Government, but also to act as a center for upgrading skills of senior officials, with exposure to broader concepts of civilian protection and to security matters relating to terrorism and drugs. The NSTC would also serve as a center for excellence in modern investigative techniques in promoting behavior and practices consistent with democratic values and upholding of human rights.

2. Justice

a. Current Situation

9. Until adoption of a new Constitution, the Bonn Agreement provides that the 1964 Constitution and existing laws will be applicable to the extent that they are not inconsistent with the Bonn Agreement itself and with the international legal obligations of Afghanistan. In some cases existing laws will need to be updated or modified.

10. The Criminal Procedure is accusatorial by nature as the investigation is conducted by the Police under the authority of the Office of the Attorney-General. There are no investigative judges and trials are typically conducted in front of panels composed of three professional judges. Traditional customs are also applied in the private sphere, particularly for civil matters, by certain ethnic groups in rural areas. This involves typically a mediation or reconciliation process before an elder of the community. With the exception of commercial matters, customs are never applied by the courts but they may accept the result of a mediation or reconciliation process.

11. As of 1992 there were approximately 1,800 judges, 1,100 prosecutors, 6,000 support staff for the courts, and 4,000 support staff for the offices of the Attorney General. The vast majority of professional judges and prosecutors were dismissed by the Taliban and also by earlier governments. They were mostly replaced by Sharia and theology graduates that had no previous judicial experience. Many judicial support staff remained in place throughout these years.

12. As of December 2001, 24 judges had been appointed to the Supreme Court, the provincial appellate court of Kabul, and in the various municipal and rural districts of the province of Kabul. No judges were formally appointed outside this province. Substantive judicial activities have not yet resumed.

b. Short-Term Priorities

- (i) Technical support to the AIA will be required to review the compatibility of existing laws with international standards;
- (ii) reintegration of the significant number of qualified judges who are believed to still be in Afghanistan;
- (iii) assistance in the area of court administration and prosecution services, with an emphasis on the internal organization of the courts and offices of the Attorney-General, strategic planning, administration, and institutional reform;
- (iv) development of judicial accountability mechanisms, in the Supreme Court, Office of the Attorney-General or Ministry of Justice, should be a priority; and
- (v) assistance should be given in the development, and implementation, of short-term and long-term training of judges and prosecutors.

c. Immediate Actions

- (i) Deployment of a senior judicial affairs adviser to coordinate planning for future phases, and act as an adviser to the AIA on judicial related issues; and
- (ii) provision of financial support will be needed to fund salaries, basic equipment and supplies for employees of the judicial system. Support will also be required to reconstruct courts and other justice buildings and for related investments.

d. Longer Term Needs and Options

- (i) Formulation and implementation of a program of legal literacy and communication so that people understand their rights and responsibilities under the law;
- (ii) professional development, with an emphasis on training and the development, plus implementation, of a code of conduct;
- (iii) deployment of three judicial affairs officers: one for legal reform, one for court administration and prosecution services and one for professional development. These persons, and their support staff, would assist the central Government institutions;
- (iv) assistance for the establishment of a Judicial Commission to rebuild the domestic justice system in accordance with Islamic principles, the rule of law and Afghan legal traditions;
- (v) review of the Juvenile Justice System; and
- (vi) support organization for legal aid services.

3. Human Rights

a. Current Situation

13. The denial of human rights, including the marginalization of certain groups, was a significant contributing factor to the outbreak and perpetuation of conflict. It is essential to recognize that the promotion of the rights of women, children, the disabled and minority groups must run through all programs.

b. Short-Term Priorities

- (i) Assistance for the establishment of an independent human rights commission;
- (ii) review of existing legislation and treaty obligations with regard to human rights;
- (iii) accordance of the right to the UN to investigate human rights violations and make recommendations; and
- (iv) development and implementation of a program of human rights education.

c. Immediate Actions

Provision of technical assistance for the establishment of the human rights commission.

d. Longer-Term Needs and Options

- (i) Despite the widespread concern expressed at human rights issues facing Afghans, there is a need for more analysis, specifically on the nature of underlying factors that shape discriminatory attitudes, policies, and societal structures. There is also a need to document those indigenous mechanisms that enable care and respect for the weaker members of society and support positive inter-communal relations.
- (ii) Training programs should be provided for judges, lawyers, law students, police, prison officials and others involved in the administration of justice and human rights issues.

B. Reintegration of War Combatants

14. The total number of combatants in Afghanistan is an elusive figure and the concept of demobilization is not entirely helpful in understanding the complexity of the Afghan situation. The AIA and the international community must conceptualize the problem in terms of reintegration of combatants into the broader fabric of economic and social life. The focus must be on immediate and multifaceted public works programs, as part of a broader reinvestment strategy, particularly in remote geographic populations and marginalized groups. The relationship between economic deprivation and militancy (to provide one's services to local commanders) is well established and understood. A robust economic intervention program would go a long way in restoring livelihoods to communities and populations whose economic choices have severely narrowed over the last 10-20 years.

15. Two broad programming strategies can be identified. The first involves selective integration (based on ethnic balance, competence and experience) into the new security forces, or into mine action units. The second is giving people alternative means of livelihood within civilian life.

16. The broad underlying principles for integration should

- (i) address the root causes for why people become combatants as a means of survival;
- (ii) recognize and encourage voluntary reintegration;
- (iii) launch national reconciliation initiatives and peace education campaigns to enhance confidence building;
- (iv) identify appropriate reintegration strategies, wherever possible as part of the broader reintegration program, with due attention to the particular needs of former child combatants;
- (v) avoid targeting ex-combatants as a special group, giving them preferential treatment over the rest of the community;
- (vi) avoid giving cash incentives for surrender of arms; and
- (vii) encourage disarmament as a requirement for entry into the different reintegration programs and/or employment schemes.

1. Immediate and Short-Term Priorities

- (i) determine numbers, locations and criteria for demobilization;
- (ii) discuss the problem with national and local authorities and with community organizations, including incentives and disincentives to war, ways to reintegrate fighters, and ways to address resentments created by past use of armed force;
- (iii) identify appropriate reintegration strategies, including, in particular, training requirements for alternative livelihood of the ex-combatants; and
- (iv) discuss institutional arrangements and identify implementing partners for the different components of the program.

C. Drug Control

1. Current Situation

17. Prior to the Taliban ban, large swathes of arable land, particularly in the southwest and the northeast of the country were engaged in poppy cultivation. Afghanistan was the source of 80% of the world's poppy production. Much of the land previously planted with poppy is likely to revert to previous cultivation practices unless interventions are made in the next few months to provide alternatives to poppy cultivation. Enormous pressures are exerted on communities by traditional drug dealers and intermediaries who have seen their profits and businesses severely disrupted as a result of the ban on poppy cultivation by the Taliban. A resurgence of the drug trade poses a serious and direct threat to the fledgling political process underway.

18. Supporting the interim administration's enforcement of a poppy ban is essential. Meanwhile, it is essential to create alternative livelihoods for farmers and seasonal laborers, requiring interventions that are sophisticated and linked to the broader program of recovery and reconstruction in Afghanistan.

2. Short-Term Priorities

a. Immediate Actions

- (i) Announcement of a poppy cultivation ban.
- (ii) Establish a viable law enforcement environment within the AIA.
- (iii) Set up a drug control commission in Kabul.
- (iv) Establish drug control units in key provinces.
- (v) Conduct needs assessment and program missions in key provinces (Badakhshan, Helmand, Nangarhar, and Kandahar).
- (vi) Monitor illicit opium poppy cultivation.
- (vii) Provide immediate assistance to landholders and sharecroppers.

b. Other Priorities in the First 2.5 Years

- (i) Establish a drug enforcement capacity within the new police force.
- (ii) Create a legal framework in compliance with UN conventions on drugs, crime and terrorism.
- (iii) Formulate alternative livelihood strategies to poppy cultivation.
- (iv) Develop rural credit systems in major poppy growing areas.
- (v) Formulate countrywide rehabilitation and prevention programs.
- (vi) Address drug abuse situation countrywide.

3. Longer-Term Needs and Options

- (i) Build sustainable livelihoods in traditional poppy growing provinces.
- (ii) Reduce opium poppy cultivation and drug trafficking.
- (iii) Provide effective enforcement of drug ban.

D. Mine Action

1. Current Situation

19. Afghanistan is the most mine and unexploded ordnance (UXO)-affected country in the world, with 732 square kilometers of known mined area, of which an estimated 100 km² are mined in former frontline areas, and approximately 500 km² of UXO in contaminated battle areas. There are some 200,000 survivors of mine/UXO accidents and a death and injury rate running at 150-300 per month prior to the current crisis.

20. The mine and UXO problem in Afghanistan has been exacerbated by recent events, with new areas being contaminated by Coalition UXOs. Ammunition depots in major towns, when hit, have spread UXOs over as much as a 5 km radius. Mine/UXO injuries have escalated due to new contaminations and to increased population movement, often in unfamiliar areas.

21. In addition to the human toll and the loss of valuable livestock, mines/UXO are an obstacle to internally displaced persons and refugee return. They deny people access to farm and grazing land, shelter and water, and prevent the rehabilitation of essential infrastructure such as roads, bridges, irrigation systems, schools, and other public buildings. At least 60% of mine- and UXO-contaminated areas are within such areas, resulting in major losses to both Afghan economy and society.

22. Mine action in Afghanistan has been extremely cost-effective based on experienced UN and NGO mine clearance teams and large scale use of mine detection dogs. Each dollar spent yields about \$4.60 in economic returns. The annual yield for one km² of clearance is as much as \$2,000 for grazing land and \$13,500-520,000 for farmland. Cleared roads provide some \$250,000 in economic benefits per 50 km. Mine action has resulted in an estimated 50% reduction in civilian mine victims, and has facilitated the return or resettlement of approximately 1.53 million refugees and internally displaced persons.

2. Short-Term Priorities

a. Immediate Actions

- (i) Emergency response and resumption of regular operations in which 5,000 existing mine action personnel will undergo supplementary training and be equipped to return to Afghanistan. In this emergency phase the main goal is to clear mines and UXO from roads and facilities to support humanitarian activities response and to allow more than 2 million internally displaced persons to safely return to their homes;
- (ii) Recruitment, training and equipping of an additional 4,000 mine action personnel, with particular focus on demobilized former combatants;
- (iii) The Afghan Campaign to Ban Landmines (ACBL)—in partnership with the Mine Action Centre (MACA), UNICEF and 64 NGOs and other partners—to develop a new advocacy strategy;

- (iv) A stockpile destruction strategy to be developed by MACA; and
- (v) The Department of Mine Clearance to be re-established and developed.

b. Other Priorities in the First 2.5 Years

The extent and pace of the expansion of mine action will be dependent on funds available, absorption capacity and early identification of bottlenecks such as training time, equipment purchase lead time and the availability of external resources such as trained mine dogs. A full Landmine Impact Survey will help develop priorities.

3. Longer Term Needs and Options

23. In 5-7 years (depending on availability of resources) Afghanistan could be free from the impact of mines and UXO. "Impact-free" means:

- (i) All high priority mined areas and battle areas will have been cleared and other lower priority areas will have been surveyed and permanently marked;
- (ii) The number of mine/UXO victims will have been reduced significantly, and adequate reporting, accident surveillance, medical care, and rehabilitation will be available to mine survivors through public and community health services;
- (iii) Mine awareness/risk reduction education will be available to all through schools, health and other community education programs, and community leaders;
- (iv) The Government will have enacted legislation banning the production, sale or use of mines. All existing stockpiles of mines will have been destroyed; and
- (v) Mine action will be integrated into overall national development plans. A national mine action program will be in place, with the necessary legislative framework and interministerial oversight.

IV. GOVERNANCE AND ECONOMIC MANAGEMENT

1. Reconstruction is impossible without good governance—transparency, participation, accountability and the rule of law. The people of Afghanistan need security; rule of law; respect for human rights; a legal framework consistent with international standards and the needs of Afghan society in the 21st century; an independent judiciary and fair and effective administration of justice; and public officials fully accountable in an open and transparent way to the citizens they serve.

2. Afghanistan's social, political, and geographic dispersion inescapably means that a substantial degree of political and economic decentralization must go along with a minimalist national government providing essential functions.

3. Afghanistan's prosperity requires good economic management—resulting in stable and efficient markets. This assumes a sound national currency that people can trust as a medium of exchange; a safe and sound, low cost financial system to provide intermediation (channeling savings to high valued uses); and a set of institutions to provide the core of sound economic management (a central bank and monetary control, a payments system, a treasury, and a system of public financial management that instills trust).

A. Good Governance

1. Current Situation

4. Many Afghans continue to face insecure conditions—the aftermath of conflict and continuing firefights between hostile factions; lawlessness (seizure of goods and coercion with impunity); and lack of legal or judicial recourse to threats to human rights (dysfunctional policing, legal system, courts).

5. The AIA has inherited a core public administration, including teachers, health workers, district and provincial and national administrators. The reported numbers (around 170,000) are small for a country the size of Afghanistan; and the quality of government services provided by these administrators varies widely. Even at the central level in Kabul, ministries or departments are war-damaged shells, without even the most basic materials or equipment, and with few experienced staff. Before the Taliban 43% of government employees were women, most of whom were dismissed. Similarly, in other walks of life women were largely prohibited from work. Government staff has been paid intermittently, if at all, and many of the senior personnel have either left the country or sought alternative part-time employment. It is difficult to predict how many of those who have left the country might return. Even if many return, there is likely to be a major skills gap, especially in key aspects of public administration such as policy formulation, planning, priority-setting, budgeting, and monitoring, which will require a comprehensive program of recruitment, reorientation, and training.

2. Short-Term Priorities

6. Ending the climate of physical violence, fear, and impunity is an immediate priority. The re-establishment of the rule of law will include

- (i) an updated legal framework consistent with international standards and the needs of Afghan society;
- (ii) an independent and effective judiciary;
- (iii) access to justice; and
- (iv) effective law enforcement.

7. Restoring sound civil administration includes

- (i) undertaking a comprehensive review and needs assessment for reform of the civil service;
- (ii) designing and implementing a salary structure for regular government employees that pays a living wage and is fiscally sustainable;
- (iii) attending to immediate issues of staffing (claims of former civil servants, their selective reintegration, equitable entry and exit rules) and related staff training;
- (iv) formulating special procedures to attract Afghanistan citizens currently living abroad who can bring back (a least for short periods) highly needed skills;
- (v) re-establishing gender balance;
- (vi) keeping the size of the public service small but effective (e.g., 1% of population), which will allow higher salaries to help combat corruption;
- (vii) modernizing personnel rules and regulations for the future;
- (viii) fighting corruption; and
- (ix) making special arrangements for reconstruction.

8. One precondition for effective action across the board in the first year will be the establishment of an initial structure of salaries that provides a living wage and adequate incentives for good performance without leading to an unsustainable eventual burden on Afghanistan's future public finances.

9. Scattered information points to government wages of the order of \$1-2 per day. However, the information is unreliable and cannot provide a sound guideline for future salary policy. As in the case of employment, international comparisons can help somewhat in setting the broad parameters for an initial compensation structure: in recent years, average government wages have been equivalent to 5.7 times per capita GDP in Africa, 2.7 times in Latin America, 3.4 times in Middle East and North Africa, and 3 times in Asia. In the region, government wages have averaged about 7 times per capita GDP in India, 4.1 times in Bangladesh, and about twice per capita GDP in Pakistan. The notion of a relatively small but efficient government implies an adequate level of compensation of government employees. A multiplier of 4 could be an option to be considered as a starting point by the AIA—or about the equivalent of \$1,000 a year on average. While this is low, given the low current per capita income in Afghanistan, it is higher than has been the practice in the past.

10. **Anticorruption.** In any postconflict situation, the fluidity of events and the large volume of aid money makes some theft and waste inevitable. The realistic goal is to minimize corruption without hampering effective action. Experience suggests that the following are important considerations. At the official (public accounts committee) level, a credible audit review process should be undertaken by legitimate representatives of citizens, along with public disclosure of the assets of high officials. Adequate salaries

should be paid to government employees. Anticorruption rules should be clarified, and appropriate mechanisms put in place for enforcing these rules.

11. Immediate Actions include

- (i) launching a review of the compatibility of existing laws with Afghanistan's international legal obligations;
- (ii) providing financial support for employee salaries and supplies for the justice system;
- (iii) providing technical assistance for the establishment of the Civil Service Commission and the Constitutional Commission;
- (iv) launching a review of all government personnel regulations;
- (v) launching work on a legislative framework for investment, to facilitate investments by Afghan expatriates; and
- (vi) developing the aid coordination mechanism and reporting tools to be utilized by the AIA and all donors, to provide a forum to coordinate aid activities, raise development challenges, and address emergency needs. This will include providing the necessary training and capacity building to the associated secretariats.

12. In the medium to longer term, critical requirements include

- (i) a coherent legal framework consistent with international human rights standards;
- (ii) an independent judiciary and a revitalized, effective and accessible judicial system at national and subnational levels;
- (iii) a revitalized prosecution and penitentiary service. A human rights commission to address, among other things, problems emerging from the conflict, gender inequalities and previous capacity, and subsequent expansion, as indicated below;
- (iv) capacity building of government staff in aid programming and planning, including program evaluation, proposal writing, and project tracking and follow-up;
- (v) capacity building of government staff in strategic development planning, prioritization, and issues of sustainability. A national development plan would be the end result of this process with the appropriate institutional framework and intergovernment and civil society coordination mechanisms; and
- (vi) paying government employees' salaries and other establishment costs will be the single largest expense in Afghanistan's recovery and reconstruction. In addition to urgent technical assistance in establishing the pay structure and payments system, some funds for technical assistance for the working of the Civil Service Commission, the Judicial Commission, the Constitutional Commission, and the Human Rights Commission will be required.

B. Local Governance and Community-Led Development

1. Current Situation

13. Despite the destruction of so much physical capital and so many economic assets, Afghan communities have shown remarkable resilience. Community groups of various types have been at work for years reconstructing mosques, schools, and houses; repairing irrigation and water supply systems; and rebuilding livelihoods. The capacity of communities represents one of the most important assets for reconstruction and a key organizing principle for targeted demand-driven programming at the local level. It is critical to find ways to leverage this capacity to achieve immediate results at the local level and to achieve broad-based participation of Afghans in reconstruction. In addition to helping increase access to basic services, this approach is a key element of the strategy to stabilize the political situation.

14. The social institutions at the community level in Afghanistan vary from region to region in their function and structure and are referred to differently, most commonly as *shura* and *jirga*. In broad terms these institutions are ad hoc groups of respected people within a community, convened for functions such as resolution of disputes and organization of collective action. *Shura* and *jirga* can also signify ad hoc groups of a similar nature representing two or more communities or at the *woluswali* (district) level as a means to interact with government institutions. In some areas, women have their own informal *shuras*—even if they are not allowed to be part of men's *shuras*. *Shuras* should be encouraged to become more inclusive to allow women to play a community role in an organized manner.

15. UN agencies and NGOs, during the war years, have been supporting traditional *shuras* and *jirgas* and have helped establish parallel community-based mechanisms to set priorities and implement local-level projects. Some 300 local and 180 international NGOs are currently operating either from inside Afghanistan or on a cross-border basis from Pakistan in a wide range of sectors. Over the last few years, total UN and NGO programming directed to Afghanistan (including refugee operations) have averaged between \$150 million and \$200 million per year. While UN/NGO activity extends to all provinces in Afghanistan, some provinces have been better served than others. There is a general agreement that current NGO capacity is only capable of reaching a small percentage of Afghan communities using present methodologies of implementation.

2. Short-Term Priorities

16. Support to local governance and community-led development should finance community-level improvements in basic infrastructure and services such as irrigation, water supply and sanitation, rural roads, and education and health facilities. Two approaches can be used together:

- (i) moderate scaling up of NGO programs, while achieving a phased change in the role of NGOs from implementing agencies to facilitators of participatory community development, clearly accountable to government and/or communities; and
- (ii) instituting a demand-driven financing mechanism to provide communities with direct access to resources to support small-scale reconstruction activities and promote community organizations and empowerment.

17. The second approach mentioned above, a demand-driven financing mechanism, has been identified by the AIA as a critical priority. It would have the double objective of strengthening local governance and of achieving tangible results in a large number of

local communities, across a variety of sectors to be prioritized by the communities themselves. The timing and nature of establishing such mechanism would be dependent upon assessing the capacity of both community institutions (such as *shura* or *jirga* at both village and district levels) and making policy decisions on institutional frameworks for district government bodies and their linkages with provincial and national governments. In the event that local government bodies are established and empowered at the *woluswali* (district) level, block grants could be transferred to *woluswalis* to be allocated to community subprojects through transparent and participatory planning processes. Until the *woluswali* institutions are revived and become functional, funds could be temporarily directly transferred by the funding mechanism to community groups. In both cases, strict program rules would need to be broadly disseminated and adhered to, in particular in the administration of the eligibility criteria for the appraisal and funding of community subprojects. Equally important would be mechanisms to facilitate the local planning process and to provide technical support to *woluswalis* and community groups.

3. Immediate Actions

- (i) funding the continuation and moderate expansion of NGO programs supporting community development in a variety of sectors, in close coordination with the AIA to mitigate risks of negative side effects on the local political process;
- (ii) capacity building of NGOs and local institutions such as *shuras* and *jirgas* as well as subnational governments for facilitating community development and reconstruction;
- (iii) making important policy decisions to define the intergovernmental institutional framework that would define the roles and responsibilities of different levels of government and the ways in which local governments and communities would collaborate. Policy decisions are also required for targeting mechanisms for distribution of resources among districts and among communities within individual districts in a transparent and fair manner; and
- (iv) designing the demand-driven funding mechanism, including its operational modalities, and launching its activities during the second half of 2002.

4. Longer-Term Needs and Options

Training of NGOs and local institutions and other actors in facilitating community development.

C. Economic Management

1. Current Situation

18. The core institutions of managing the economy broke down in the 1990s. The orderly postconflict recovery and restoration of sustained economic growth will require a stable macroeconomic environment. This will call for strengthening economic management and restoring critical economic and financial institutions. The focus should be on (i) strengthening the central bank, Da Afghanistan Bank (DAF Bank), and the Ministry of Finance/Treasury; (ii) establishing a functional payment system; and (iii)

strengthening the capacity to implement macroeconomic policies so as to support growth with fiscal and macroeconomic stability. These steps should be initiated immediately and built upon over the medium term, to strengthen the foundations for macroeconomic management, promote well functioning markets, and develop financial institutions to ensure efficient mobilization and allocation of resources. Enhancing economic and trade relations with other countries in the region under a transparent and liberal trade regime, including a clearcut transit trade agreement, would be crucial.

19. The key elements of good economic managements are

- (i) **Currency Reform.** Several “Afghan” currencies are now circulating in the markets. A decision is needed on what currency the AIA will use; how the needed confidence and liquidity of that currency will be ensured; and the exchange rate arrangements for that currency.
- (ii) **Central Banking and Payments System.** The basics of monetary control, banking laws and regulations, bank supervision, and bank licensing need to be re-established. A payments system is also needed to facilitate transactions and other essential services of the government and other entities. Foreign assistance and government revenues will need such a payments system from the outset of the reconstruction process. These payment and service functions will eventually devolve to the decentralized banking system, when it starts functioning.
- (iii) **Financial Institutions.** A rudimentary banking system functions at a low level in Afghanistan, much of it without benefit of licenses, regulations, and supervision. Priority should be given to proper licensing, regulation, and supervision. A credible banking system is a crucial foundation of prosperity and should be the central aim from the start. Licensing small domestic banks without minimum banking skills, management, and financial backing carries large risks in the existing situation. Afghanistan should encourage well-run foreign banks with a sound banking culture to establish operations in the country and transfer their technology and banking culture to domestic banks as smoothly as possible.
- (iv) **Ministry of Finance.** A comprehensive, unified government budget is central to Afghanistan's recovery, reconstruction, and long-run prosperity. Such a budget is needed to guide the actions and behavior of the implementing agencies of the Government and to coordinate donor activities within a comprehensive reconstruction framework. The Ministry of Finance should to be the focus of budget preparation, payments, accounting, auditing, and efficient expenditure control. It also needs the strategic analytical capacity to ensure that the budget reflects the priority needs for public resources.

2. Short-Term Priorities

a. Immediate Actions

- (i) Establish an emergency payment system.
- (ii) Prepare an interim budget.

- (iii) Establish a treasury single account to receive all funds and make payments.
- (iv) Build capacity needs for economic management.
- (v) Create an economic forecasting capacity, including the tracking of key prices.
- (vi) Establish and support an aid coordination unit in a central location, to be determined by the AIA.

3. Longer-Term Needs and Options

- (i) **Investment Climate.** While foreign direct investment may not flood into Afghanistan in the short term, it is important that the foundations are laid now for a healthy, supportive investment climate. A legislative framework for foreign direct investment is needed to protect investors' rights. In addition, a policy framework is needed for natural resource extraction (royalties, taxes and licensing), covering oil and gas as well as emeralds and lapis lazuli. The first and most important investors will inevitably be Afghanistan citizens, who need the same stable, supportive investment climate as foreign investors. Investors will need security, functioning banks and other financial services, a small and corruption-free public administration, and clear and minimalist rules and regulations. These are tall orders in the short term. Nevertheless, it is realistic to expect some increase of inward remittances from Afghans abroad, as families return, settle, and rebuild their homes and businesses. Numerous opportunities will be created by the reconstruction entities themselves for commercial activities, contractors, and other service providers.

D. Media

20. The media sector has suffered from a lack of resources and from severe restrictions under the Taliban. A vibrant media sector, editorially independent and conforming to internationally accepted principles and standards, is an essential component in ensuring the transition to peace. It should play a role in fostering national unity, educating civil society, and promoting a representative and democratic government.

21. There is a shortage of trained Afghan journalists, technical staff and broadcasting managers, and knowledge of the modern media environment and the whole area of regulatory frameworks is low. Guidance has been requested by AIA officials and media professionals to urgently rebuild capacity in the Government and in all media sectors.

22. Radio is the primary medium for information in Afghanistan and in many of the surrounding countries. Existing technical infrastructure, however, is minimal, poorly maintained and out of date. It will require substantial replacement.

23. Print is the medium of record for any society and government. However, the main state printing press has been destroyed and computers and other technical print equipment are either nonexistent or obsolete. There is no print media distribution system.

24. There is an immediate need to coordinate assistance within a national media strategy to stop the uncoordinated proliferation of small radio and TV stations. A regulatory framework should be established for Afghan owned and managed broadcasting that reflects the linguistic and ethnic diversity of the country.

1. Short-Term Priorities

- (i) a time-bound comprehensive media needs assessment to review national broadcasting needs and regulatory frameworks and to produce recommendations for action. This should include a detailed audit of the technical infrastructure and equipment required;
- (ii) a series of training programs for editorial, technical, production and journalism skills, including strategic planning and management training for a small number of key senior staff. Assistance will be required for re-establishing the Faculty of Journalism at Kabul University. The creation of professional journalistic association(s) should be supported;
- (iii) a voluntary register of spectrum usage by all broadcasters, to minimize spectrum interference issues in the short term and with a view to establishing the foundations for a national regulatory framework;
- (iv) a series of programs in local languages to familiarize listeners throughout Afghanistan with the purposes and processes involved in the *Loya Jirga* and on the functions of government and civil society. Ways and means of broadcasting programs through impartial channels to the people of Afghanistan will have to be explored until such time as national broadcasting capacity is restored;
- (v) few initial steps to stabilize the current level of radio and TV service in Kabul. Re-equipping Radio/TV Afghanistan and Bakhtar news agency with basic journalism and production equipment and training in its use;
- (vi) media resource center to act as a coordination mechanism for media-related initiatives that would seek to avoid duplication of training, equipment and programming; and
- (vii) a sustained effort to revive the print media, including developing an independent newspaper sector, through the provision of printing facilities at regional and local levels. The establishment of commercial Afghan Internet service provider(s) should be supported.

2. Longer-Term Needs and Options

- (i) Development of a long-term national media strategy. This will include a review of options and steps needed to establish an editorially independent, national public service broadcaster, including the likely funding of such an entity;
- (ii) Development of the regulatory frameworks necessary for a free and independent media;
- (iii) Review of the role educational programs targeting children and young people, especially girls, will play in the national education system. Subsequent research and design of programs for literacy and teacher training by radio. The media strategy should target opinion leaders and policymakers to sensitize them about gender issues to change attitudes and behaviors.

25. Review of the need for radio and television programs, that will seek to provide a better understanding of the history, culture and, traditions of various groups within Afghan society. Production of television and radio programs that focus on the different roles and contributions of the Government and branches of civil society are important to the creation of a peaceful Afghanistan.

V. SOCIAL PROTECTION, HEALTH, AND EDUCATION

A. Social Protection of Vulnerable and Marginalized Groups

1. Current Situation

1. Wage rates in Afghanistan are as low as 30 cents a day in remote rural areas. Most income is earned from agriculture and informal trade and services. The drought of the last 3 years has added to vulnerability and food insecurity particularly in the north, center, and western areas of the country. After over 20 years of conflict, Afghanistan also has large numbers of people that have suffered trauma that leave them particularly vulnerable to poverty and unemployment. These include

- (i) more than 5 million refugees (3 million in Iran and 2 million in Pakistan, as well as an estimated 40,000 refugees in Uzbekistan, Tajikistan, and Turkmenistan). Not all refugees are vulnerable households—indeed, many have found employment—but most are certainly among the lowest income groups. UNHCR tentatively estimates an annual repatriation of 1 million refugees split evenly between Pakistan and Iran;
- (ii) approximately 1 million internally displaced from drought and conflict;
- (iii) those who are landless, or have very small landholdings;
- (iv) ex-combatants and unemployed youth;
- (v) about 200,000 people disabled by mines;
- (vi) women (over 50% of the total population, forcibly excluded from the labor force during the Taliban regime), widows (2 million, many of whom have been forced onto the streets to beg), female-headed households, orphans and other vulnerable groups; and
- (vii) minorities persecuted by the Taliban.

a. Women

2. Over 20 years of armed conflict, natural disasters and policies of marginalization have removed Afghan women from public, social and political life. Gender gaps have suffered from decades of conflict and policies of controlling authorities. Indicators of maternal and infant mortality, health, water supply and sanitation, and education rank among the worst in the world, with women and children being the hardest hit.

3. In rebuilding Afghanistan, women will need access to basic services, and new forms of economic and political opportunity to re-enter public and political life. There are established links between development effectiveness and gender equality. Research shows that women's inclusion in all processes tends to increase transparency, minimize corruption, and increase social responsiveness and the pursuit of democracy. Moreover, countries with smaller gaps between women and men in health, education, employment, and property rights, have faster economic growth and more transparent government. Such countries also have lower child malnutrition and mortality, promising a better future. No country can succeed in eradicating poverty, unless women are healthy, educated, empowered in the economic and political field, and protected from gender-based violence. There is a strong precedent in support of women's leadership and rights in Afghanistan. The 1964 Constitution enshrined a full spectrum of women's rights while the *Loya Jirga* in the 1970s included three women representatives. Despite being

banned from public life during the Taliban regime, women provided community support such as underground schools and health services, often at great personal risk. A critical mass of women professionals—doctors, lawyers, teachers and journalists, among others—exist today within and outside Afghanistan, who will be pivotal in rebuilding communities. Women must therefore share decision-making responsibility for Afghanistan's reconstruction and development.

4. Recovery and reconstruction strategies must consider the cultural, political, and economic difficulties faced by Afghan women, including vulnerable women, such as widows and the disabled, and should also examine their role in rebuilding and maintaining political leadership, promoting economic opportunities, and ensuring a full spectrum of women's rights and protection guarantees. There are several options for improved gender equity in Afghanistan. The option with possibly the highest potential is to immediately implement a two-pronged strategy that explicitly aims to proactively integrate gender interventions into all sectors. This would involve delivery of political, social, and security reforms which ensure: (i) women are adequately represented, and that gender perspectives and considerations are fully integrated and mainstreamed in all development and reconstruction programs; and (ii) civil society organizations, especially women's groups, are systematically consulted and substantially involved in the design, planning, implementation, and evaluation of reconstruction and rehabilitation programs.

5. Three key areas for gender interventions in Afghanistan are:

- **Political Reform.** Women's participation at the peace table in Bonn proved critical to the development of the peace agenda and ensuing agreements. But it is also essential to ensure women's continued participation in the political process and leadership in the aftermath of the peace talks and interim administration. At present, even in situations where women participate in talks, the tendency is for them to either withdraw or be marginalized. It is therefore a priority to build capacity of the Ministry for Women's Affairs and other relevant institutions to advance gender issues in national policy making and resource allocation processes as well as in the delivery of services. It requires support for the possible establishment of a nongovernmental task force of Afghan women that would act as a resource to government efforts; the identification of qualified Afghan women and facilitation of their training and networking to enhance their participation in administration, planning, and governance system; strengthening community based women's decision making; and the conduct of surveys.
- **Socioeconomic Transformation.** Traditionally, postconflict recovery programs have focused on the physical reconstruction of a state's infrastructure and macroeconomic processes. But the transition of socioeconomic conditions comprises a myriad of complex issues, including social recovery, the provision of education, professional training; economic opportunities; and access to healthcare, psycho-social support, social security and other services designed specifically for vulnerable groups of women (widows, disabled women). It also entails strengthening and implementation of legislative institutions through promotion of gender-sensitive and just legislation and adequate measures to change discriminatory laws and practices, address impunity and injustice, and promote the rule of law and reconciliation. Women have a key role to play in

all areas. As caretakers of families and active community participants, women are often well placed to identify critical needs and priorities for reconstruction and development. Yet, women are rarely consulted, and substantially involved, and their role and contributions to reconciliation, reconstruction, and development are often overlooked. A priority is to promote women's leadership in civil administration and the judiciary system. Another priority is to identify existing and needed skills and capacities of Afghan women and match these with economic opportunities and training to ensure that women are able to contribute to and benefit from new opportunities provided by the reconstruction program. In addition, it will be necessary to establish a fund to support economic and social empowerment of women, enabling them to take advantage of the new economic opportunities and lead community development efforts.

- **Security Reform.** The inclusion of gender perspectives and women's voices is essential for two reasons. First, women as victims have a right to participate in the decision-making processes that directly impact their lives. Second, women's views on security, and their access to the private sphere, can be valuable contributions to the success of security reform programs that enhance peacebuilding processes. It is essential therefore that more attention be directed toward this area, to integrate gender perspectives into existing security agendas.

6. The mainstreaming of gender in Afghanistan has to be led and implemented by Afghans themselves. By using local institutions and giving Afghan women the tools, support and legitimate space to develop, promote, and implement a systemwide gender agenda that builds women's capacities and leadership, the reconstruction of Afghanistan can be "engendered" in an effective and lasting manner, leading to sustainable development for the country.

b. Returning Refugees and Internally-Displaced People

7. Based on the experience of repatriations worldwide, the return of refugees is likely to exacerbate increases in population in urban areas. This is due to the perception of employment opportunities (whether accurate or not), as well as to the reality that long periods of displacement in urban areas or in urban-like camp settings may make adaptation to rural conditions and livelihoods difficult for some refugees even if they originated from rural areas. As an example, it is estimated that 30% of Afghan refugees in Iran are living in greater Tehran.

8. The AIA has identified five geographic areas expected to be high-return areas for refugees and internally displaced people. These are: Shomali Plain, Hazarajat, Ghor region, Khoja Ghar, and Kandahar. It has also stated its concern to see that the inhabitants of Jalozai Camp can return to their places of origin.

c. The Disabled

9. Over 800,000 Afghans are currently disabled, or roughly 4-5% of the total population. The high rate of birth complications and inadequate medical care has increased the proportion of people that are born disabled, while weak preventive services have resulted in high incidence of disabling diseases. In addition, the rate of

disability is high due to landmines and small ordnance injury, and this is expected to increase because of unexploded cluster bombs from the recent air campaign.

d. Need for Employment Opportunities

10. Creating employment opportunities is a critical dimension of the reconstruction process to maintain peace and stability in Afghanistan. New employment opportunities are necessary to reduce the unacceptably high levels of poverty of the majority of Afghans, to restore a sense of normalcy and a stake in maintaining peace, to provide people, particularly young men, an alternative to fighting; and to support social and economic inclusion of the most vulnerable—including refugees/returnees, internally displaced persons, widows, orphans, and the disabled. Past areas of discrimination need to be addressed, particularly in relation to the exclusion of women from the workforce.

2. Short-Term Priorities

a. Immediate Actions

11. In the first year the following immediate actions could be taken:

- (i) implement rural and urban public works employment programs using food or cash payments;
- (ii) scale up existing microfinance schemes to encourage business start-ups;
- (iii) establish an affirmative action policy to increase female employment in civil administration, at management and staff levels, and including the health and education sectors; and
- (iv) initiate a support program for including appointment of gender advisers and commencement of training. In addition, women's participation and roles are to be advanced in all other sectoral programs, and perhaps the most significantly, in education and health.

12. In the medium term, it is assumed that the bulk of new wage employment in Afghanistan will be generated by the reconstruction program itself and increased agricultural and private sector activity. However, prior to the full establishment of a viable economy, alternative activities—cash and food-for-work, microcredit and skills training—will be needed in rural and urban areas. Particular efforts should be made to develop sustainable livelihood opportunities for vulnerable women, and this will involve not only skills training but also conscious consideration of the opportunities to be found in urban and rural economies.

13. Support should be given to extend existing programs for the disabled. These include services aimed at improving physical mobility and rehabilitation. The greatest need is for prosthetics, although immediate surgical interventions are also required.

14. Early investment is needed in emergency public works schemes, to put cash into people's pockets and help jump-start the recovery of local economies, possibly with specific regional targeting related to high vulnerability. Close coordination with programs operating in similar sectors is desirable to ensure consistency of standards and sustainability of investments. Early policy action is also required to ensure that sectoral reconstruction programs, such as road repair, use labor-intensive methods to maximize

their employment impact. Public works programs are expected to provide employment for approximately 180,000 people in urban areas and 200,000-400,000 people in rural areas during the next 2.5 years.

15. There is a need to scale up existing and start-up new, well-targeted employment and training programs with a focus on practical skills and professional training. Particular focus should be given to training for women, youth, and the disabled as well as skills with high demand in the labor market.

16. Access to finance is important for micro, small and medium enterprises likely to provide the bulk of employment in Afghanistan's economy over the medium to long term, with recovery of the private sector driven by Afghans. This requires scaling-up of existing microfinance schemes and starting up new ones, especially for women, to provide small amounts of capital to help low-income entrepreneurs start-up or develop small-scale business activities.

3. Longer Term Needs and Options

17. In the longer term:

- (i) As the market economy grows, the need for public works programs as a source of employment for vulnerable groups should decline, and these programs should be gradually phased out.
- (ii) Microfinance services in rural and urban areas will continue to be scaled-up, within a sound policy and institutional framework aimed at ensuring the viability of microfinance institutions and their access to capital.
- (iii) It will be important to develop and implement a national policy and safety net program for the disabled and other social groups (orphans, widows).

B. Health

1. Current Situation

18. The health status of Afghans ranks among the worst in the world. War and conflict, food insecurity, limited access to safe water, poor sanitation, low educational attainment, poverty and an inadequate health system, have contributed to this situation. Additionally, a history of severe and systematic discrimination against women affects the health situation in Afghanistan and constrains the capacity to respond to the health needs of women and children.

19. Life expectancy at birth—44 years for males and 45 for females—is among the lowest in the world. Maternal and infant mortality rates are high. A large proportion of illnesses and deaths are due to preventable communicable diseases, e.g., measles, cholera, tuberculosis, malaria, meningitis, hepatitis, typhoid, childhood respiratory infections, and diarrhea. This is aggravated by chronic malnutrition that affects about half of Afghan children as well as widespread micronutrient deficiency. Disabilities are prevalent, due mainly to war.

20. Physical facilities have been destroyed, the human resource base has been eviscerated, and institutions have collapsed. Health infrastructure and human resources, public and private, are now grossly inadequate for a population of about 24 million that is expected to grow to roughly 35 million in 10 years. There is a strong urban bias, with many facilities located in Kabul, while rural services are unevenly distributed. Only 30-40% of the population have access to some health service. About 75% of the population have no access to emergency obstetric care (EOC); only 11 of the 33 provinces have capacity to deliver EOC.

21. There are about 17,500 public sector health staff in Afghanistan: 3,900 doctors or roughly 2 doctors for every 10,000; 2,500 midlevel staff; 5,000 nurses and technicians; and 6,100 community health workers and traditional birth attendants. The majority were on the public payroll and about 30-40% are being paid by NGOs. Staff are deployed unevenly relative to the population's geographical distribution; about 25% of all doctors are in Kabul serving 7% of the population (about 1 doctor per 1,700). In addition to inadequate numbers, the composition of staff does not match the need. More nurses, midlevel staff, and midwives are needed, and female staff are lacking at all levels of the health system. Existing staff need significant skill upgrading/refresher training to deliver essential services package.

22. While the challenge of rebuilding the sector is monumental, there is room for optimism. Provision of a basic package of health services is a cost-effective means of addressing many of the health problems of the population. The reestablishment of an effective health system contributes toward social stability while encouraging the reintegration of women in the Afghan society.

2. Short-Term Priorities

23. In health, the foremost priority will be preventative and public health services. This means a few crucial low-cost interventions that can be widely replicated. It would also cater for selected catastrophic cases such as war-related injuries and maternal care. Preliminary planning exercises have identified and recommended the following central priorities:

- (i) reproductive health, including emergency obstetrics care;
- (ii) communicable diseases control;
- (iii) child health and immunization;
- (iv) maternal health;
- (v) specialized health services for persons with injuries/disabilities; and
- (vi) environmental health. In the first 2.5 years, the focus will be on a major preventative care drive aimed at improving basic health indicators, with an emphasis on rural areas and initiatives for women and children.

24. Although the hospital infrastructure is also in need of major repairs, analysis indicates that the public health return on investments in curative infrastructure is low compared with other health sector investment options. It is likely that the rehabilitation of hospitals would only benefit a very small proportion of Afghans. Establishing and maintaining hospital facilities sufficient to serve the majority of Afghans would not be affordable, in particular after the funds for reconstruction assistance are spent. It is possible however that some hospitals could be financially viable with the segment of Afghans able to pay for hospital care. The option of rehabilitating and thereafter

privatizing hospitals that have been damaged, destroyed or abandoned may be considered by the AIA and the subsequent transitional administration.

Immediate Actions

25. In the first year, targets will include support for
- (i) a national immunization program that includes polio vaccination and vitamin A supplementation for children under 5 years of age;
 - (ii) a concerted measles vaccination campaign covering 90% of children;
 - (iii) expanded routine program of immunization (EPI) coverage of 40%;
 - (iv) an improved and expanded supplementary and therapeutic feeding program;
 - (v) a basic service package, (including reproductive health, communicable diseases, health and hygiene education and basic supplies) agreed upon and implementation plan in operation; and
 - (vi) refresher training for health sector personnel.
26. The targets for 2.5 years include
- (i) reducing the infant mortality rate (IMR) to 140 per 1,000 live births;
 - (ii) eliminating measles and polio cases reported;
 - (iii) increasing routine EPI coverage of children aged 12-23 months to 50%;
 - (iv) reducing acute malnutrition among children, adolescent girls and pregnant women;
 - (v) reducing maternal mortality;
 - (vi) increasing tetanus toxoid coverage of pregnant women;
 - (vii) making the central and provincial ministry fully functional; and
 - (viii) initiating a comprehensive training program for female health staff.
27. In addition, work on broad policies relating to modes of service delivery and financing will be initiated during the first 2.5 years.

3. Longer Term Needs and Options

28. During the next decade, the expected outcomes include (i) reducing the IMR to 85 per 1,000 live births; (ii) reducing the child mortality rate to 125 per 1,000 live births; (iii) lowering the maternal mortality rate to 850 per 100,000 live births; (iv) reducing the total fertility rate to 5-6 per married woman; (v) ensuring that the number of disabled does not increase from the current 4% of the population; (vi) reducing the prevalence of underweight children under the age of 5 to 20%; and (vii) increasing the proportion of 1-year old infants immunized against measles to 80%.

29. The strategy in the health, population and nutrition sector could entail implementation of an essential services package primarily focused on reducing child and maternal morbidity and mortality. The proposed package could be gradually expanded over 10 years with an immediate start on the highest priority and most cost effective components. The package could comprise:

- (i) control of communicable diseases, including TB, malaria, sexually transmitted diseases and HIV/AIDS;
- (ii) promotion of child health, including management of pneumonia and diarrhea and EPI;

- (iii) reproductive health programs including maternal health, newborn health, and birth spacing and family planning services;
- (iv) nutrition supplementation and micronutrient programs;
- (v) treatment for mine and other war-related injuries; and
- (vi) promotion of healthy lifestyle. This program includes options for bringing the public sector, NGOs, communities, and the private sector together to implement the above package for a major improvement in outcomes. A small central and regional-based Ministry of Public Health (MPH) with policy, contracting, standards, quality assurance, and monitoring functions could be established. District and community public health facilities should ideally be used for preventative and public health services and outreach center for the program mentioned above.

30. The influence of other factors negatively affecting the health of the population would be mitigated by cooperating with other sectors—through an improved agriculture sector that produces more food, better environment, improved gender equity, and peace after almost a quarter of a century of war.

31. Recurrent costs consist of support for MPH and the provision of resources to finance public sector health personnel, transport, drugs, vaccines, medical supplies, in-patient food costs, and building maintenance. The development program includes

- (i) technical assistance to develop and implement the transitional strategy for providing an essential services package;
- (ii) rehabilitation and equipping of health centers and key support infrastructure;
- (iii) redevelopment and construction of hospital infrastructure; and
- (iv) health policy and systems development.

C. Education

1. Current Situation

32. Afghanistan's education system is in a state of virtual collapse. Rebuilding it is one of the country's immediate priorities, starting from developing the primary/basic education subsector while providing simultaneous support to the essential needs of the other subsectors, i.e., secondary education, youth and adult education, and tertiary education.

33. As in the health sector, Afghanistan's education indicators rank among the lowest in the world, with the highest gender gap, and marked rural/urban and other geographic disparities. School facilities have largely been destroyed and many qualified teachers are employed in other sectors or have left the country. Yet there is universal yearning for education among the population, and a potential exists to attract teachers and administrators now outside the country to return.

34. The gross enrolment ratio in primary education is abysmally low at about 38% and 3% for boys and girls, respectively, with a corresponding boys-girls ratio of around 9:1. Net enrolment rates appear to be significantly lower in light of the large number of over-aged children in schools. The completion rate for primary education is estimated to be about 49% for boys and 35% for girls, with an average dropout rate of 57% for grades 1-5. The average pupil-teacher ratio in primary education is about 42:1. This seemingly low ratio reflects the exclusion of most of the girls from formal primary education and the severe enrolment constraints in recent years.

35. Participation in secondary education is extremely low, seriously limiting the capacity of the system to produce skilled professionals and informed leadership. While girls' participation rates in secondary education and tertiary education have been historically lower than boys', the gender gap has reached unprecedented heights since 1995. Afghanistan's tertiary education institutions are hardly functioning. Afghans will need a complement of highly trained people, including teachers, administrators, doctors, engineers, and other professionals to rebuild the country.

36. The existing severe shortage of teachers will be exacerbated by the expected influx of new students as schools reopen. An estimated 21,000 teachers staff government and NGO-run primary education schools, only 12% of whom are females. Most female teachers work outside of government schools in schools supported by NGOs and home-based schools. The urban-rural distribution of teachers is uneven and favors the urban areas. Only about half of all primary education teachers have completed grade 12, the official minimum qualification. Preservice teacher training is now largely defunct while some in-service teacher training has been provided, primarily by NGOs and other agencies. The previous systems for professional mobility, in the teaching and nonteaching cadres, have broken down. The large number of Afghan primary school teachers in refugee communities in Pakistan and Iran will be a crucial resource for rebuilding the education system.

37. Kabul University was in the 1960s and 1970s one of the strongest universities in the region. It later became one of the focal points of the destruction efforts. Most of the faculty has left the country. Buildings and basic infrastructure of Kabul University and of the regional colleges need to be completely rebuilt.

2. Short-Term Priorities

38. At all levels in education, the capacity for policy planning, policy formulation, and monitoring is very limited. Some capacity exists in the nongovernment sector, particularly for promoting community involvement in education and for constructing and repairing schools.

Immediate Actions

39. In the short term, the priority will be to expand primary education rapidly through all modes of delivery. This would mean making full use of existing government, nongovernment and community-based schooling. Simultaneously it is urgent to provide support to address the essential teaching and learning needs of secondary and tertiary teachers and students, as well as the basic learning requirements of out-of-school youth and adults. In the next year, the aim is to significantly increase enrolment numbers, especially girls—the target is to increase the girls' gross enrolment rate in primary education from 3% to 8%. By the end of 2.5 years, the gross enrolment rate for primary education is expected to reach 55% for boys and 20% for girls. However, every effort should be made to achieve gender parity in enrollment as early as possible.

40. Working within the overall framework provided by "Education for All" movement and Millenium Development Goals, the focus during the transitional phase will be on supporting a flexible, rapid approach aimed at ensuring access to learning opportunities, not only for children, but also for youth/young adults who have missed education opportunities in the past. The major elements of the back-to-school strategy would include

- (i) provision of basic school supplies to teachers and pupils wherever they are and development of competency-based learning materials;
- (ii) large-scale rapid teacher training and deployment of temporary teachers; and
- (iii) flexible use of multiple learning spaces while rehabilitating physical infrastructure with community participation. School feeding programs are likely to be useful to sustain attendance and enrolment in some areas and circumstances, and additional incentives may be needed to attract teachers, including from Pakistan and Iran. The existing school feeding and ration take-home program should be expanded greatly in the short-term and after.

41. In secondary education, basic supplies and teaching/learning materials will need to be provided to teachers and students. Temporary teachers may need to be trained and deployed. In the priority areas, school buildings will be rehabilitated/constructed and school furniture and equipment provided. A long-term plan will be needed for modernizing secondary education through the development of a comprehensive curriculum, teacher education and teaching/learning materials, including the appropriate use of information and communications technology. Private sector participation will be part of the secondary education development initiative and will also be important in youth/adult education and tertiary education.

42. In higher education, the need is to revive the handful of tertiary institutions—Kabul University and several other colleges in major cities—such as Herat, Mazar-e-Sharif, Kandahar, and Jalalabad. Afghanistan will need a complement of highly trained people, including teachers, administrators, doctors, engineers, and other professionals to rebuild their country. Although some are immediately available in Afghanistan and abroad, there is an urgent need to get the higher education machinery back in operation. This includes rehabilitating the hostels in Kabul University which would facilitate integration of young people from around the country. Also the schools will have to undertake crucial repairs (water supply and sanitation and the like). An early need is to reassemble the faculty some of which are dispersed, and students.

43. During the initial 2.5 years, a broad-based advocacy campaign promoting the importance of education, particularly girls' education, and the education of young boy soldiers and its role in nation building will be needed nationwide. The focus of expenditures in primary education will be on

- (i) developing educational materials;
- (ii) training temporary teachers;
- (iii) providing temporary shelter materials, particularly in the first year; and
- (iv) mobilizing the local population

44. In secondary education, the priority will be on

- (i) restoration of basic teaching learning activities; and
- (ii) commencement of rehabilitation/construction of physical infrastructure.

45. To meet the education and training needs of out-of-school youth and adults, the focus in youth and adult education will be on

- (i) the deployment of temporary instructors; and
- (ii) provision of basic supplies and shelter materials.

46. The reestablishment of tertiary education will entail the

- (i) provision of basic supplies;
- (ii) restoration of basic teaching activities;
- (iii) provision of scholarships; and
- (iv) recovery and reconstruction of existing basic infrastructure. In addition, support for developing the ministries responsible for education will be provided, including infrastructure and capacity building.

3. Longer Term Needs and Options

47. Investment over 5-10 years will depend on policy choices relating to service delivery, i.e., government provision vis-à-vis outsourcing to private and NGO bodies; language(s) of instruction in the formal education system; and the degree of decentralization of administration and development functions, particularly in primary education. Nevertheless, primary education must focus on efforts to

- (i) improve the quality of education;

- (ii) increase access, particularly for girls;
- (iii) revive and expand preschool education; and
- (iv) capacity building.

48. Over the 5-year period, the gross enrolment rate in primary education is expected to reach 70-75% for boys and 40-43% for girls. Over 10 years, the targets include (i) increasing the gross enrolment rate to 85% and the net enrolment rate to 75%, combined for both girls and boys; (ii) raising the proportion of qualified teachers to 80%; (iii) lowering the teacher-pupil ratio to 1:40; and (iv) improving the transition rate between primary and secondary schooling to be about 40%.

49. While the need to promote quality, access, and capacity building applies also to secondary education, encouraging an appropriate role for the private sector will be an important policy consideration in secondary education development, and for youth/adult education and tertiary education. The latter two subsectors are likely to be increasingly important in education sector investment over the medium to long term, and will require a separate detailed needs assessment. Diversification of programs will likely be required to meet the needs of the labor market and the goals of national development. In particular, youth/adult education may comprise skills development, adult basic education, and literacy programs. In tertiary education, the focus may include expanding access through additions to universities and colleges and specific training programs and twinning arrangements between Afghanistan's universities and overseas universities to train tertiary educators and researchers.

VI. INFRASTRUCTURE

A. Current Situation

1. More than two decades of war have not only devastated Afghanistan's infrastructure, but have also deprived the country of new investment that would have raised services above prewar levels. As a result, most Afghans have little or no access to decent basic services—and must either go without—or rely on costly alternatives. Among the most serious costs, particularly for women and children, are the costs in terms of health (from unsafe water and sanitation, and indoor air pollution from burning traditional biomass fuels) and time (for example, for fetching water and fuel). It is difficult to overemphasize the low base from which reconstruction will begin.

2. The national road network is in poor condition. Significant numbers of bridges and causeways are damaged or totally destroyed. For example, 128 km of the 227 km Torkham–Jalalabad–Kabul road (crucial both for trade and for relief shipments) is so seriously damaged that it takes 4 days for a truck to make a return trip between Peshawar and Kabul, a journey that used to take less than a day. The extent to which roads are seeded with land mines is unclear, but this is likely to be a significant problem in the short term. Few rural villages have all-weather road access.

3. Piped water and sewerage networks are limited and in poor shape due to lack of maintenance and extensive war damage. There is heavy reliance on on-site water and sewerage solutions. These local solutions, together with severely diminished water resources caused by 3 years of drought, have led to high levels of groundwater pollution. Less than a quarter of the population has access to safe water and less than 20% of urban households have access to piped water.

4. Access to safe sanitation is very limited, particularly in rural areas where less than 10% have access to sanitary facilities. Even in urban areas facilities are minimal. Consequently diarrheal disease is a major cause of infant and child mortality—accounting for 27% of deaths of children between birth and 1 year, and 12% of deaths of children aged 1-5.

5. War has resulted in a shift back to traditional biomass fuels (firewood, crop residues, animal waste) for cooking and heating. Based on experience in the region, this is likely to contribute to increasing respiratory diseases, especially among women and children. Electricity was formerly available only in cities—about 6% of the population has access to electricity supply—and this supply is limited to a few hours a day due to damage to electricity facilities and lack of maintenance. Petroleum storage facilities around major urban centers have been destroyed and transport costs of imported fuels are inflated by the high costs of road transport. Natural gas used to be a major export, but gas fields have ceased to operate and wells have been capped.

6. Around a quarter of urban housing is seriously damaged or destroyed and about 40% of housing units are in unplanned areas. Urban infrastructure is also severely damaged or destroyed: about 40% of roads are damaged and 50% of drains are broken or do not function. About 50% of houses have no solid waste collection and sanitary disposal sites do not exist.

7. Communications facilities are seriously underdeveloped. Access to telecommunications is one of the lowest in the world with only 2 telephones per 1,000 people.

8. In addition to destruction and underdevelopment of physical infrastructure, public institutions (national and municipal) nominally responsible for service delivery are severely weakened through loss of experienced staff and lack of funding for even routine maintenance. The picture is not entirely dismal. At least in some cases community-based and private service provision plays a promising role. For example:

- (i) domestic road construction/maintenance firms that have relocated to Pakistan and Iran could return to undertake rehabilitation works;
- (ii) there has been a positive experience with donor-financed and NGO-operated food-for-work and cash-for-work road rehabilitation programs;
- (iii) community programs for on-site water and sanitation, supported by NGOs, have been successful in improving services in some rural areas. Small-scale private service provision is also a promising option for village water and sanitation services; and
- (iv) the private sector is already involved in providing telecommunications services, though key regulatory and licensing issues need to be resolved if new entrants are to be attracted and prices regulated through competition.

B. Short-Term Priorities

9. Across all infrastructure subsectors more detailed assessments of physical and institutional needs and constraints are required before proceeding with the development of large-scale investment and policy programs. Nevertheless, some early actions can be taken to hasten impacts. To identify these early actions, the following criteria are suggested:

- (i) promoting investments that support security, national integration, access to markets, health, employment creation, and the resumption of private sector and government activities;
- (ii) within these criteria, giving priority to those investments that restore the functionality of existing facilities, where this is clearly economically justified;
- (iii) leveraging existing institutional capacity—in national and regional governments, communities, the private sector, and NGOs. There will be a need to pay careful attention to contract design, procurement, and management (e.g., for road rehabilitation)—including options for contracting on the basis of outcomes and outputs;
- (iv) choosing those activities that keep longer term options open while the Government works through key sectoral policy issues. When government policies in these areas are decided, supporting establishment of institutional frameworks for future development of the infrastructure subsectors, particularly the roles of government, the private sector, communities and NGOs; and
- (v) providing technical assistance in a way that will support creation of new institutional frameworks and prepare future investments.

10. With a few exceptions, national infrastructure systems, such as an integrated power grid, should only be addressed in the medium term, as central agencies develop

policy and institutional capability. Significant technical assistance is likely to be needed to help in creating a framework for efficient service delivery and expansion that will support economic growth and poverty reduction (in particular through expanded access).

11. Applying the criteria above, immediate action projects would aim to (a) meet a pressing need; (b) be consistent with government objectives; (c) include feasible delivery arrangements; and (d) be designed and implemented in a way that will keep open the AIA's longer-term policy options. These criteria imply that short-term priorities vary across the sectors—and for network (national/urban) compared with nonnetwork supply (particularly in rural areas).

1. Roads

a. Immediate Actions

12. For a mountainous, landlocked country like Afghanistan, roads and airports are vital for transport, for international trade, to facilitate national integration, and to avoid supply bottlenecks that create inflation. Road rehabilitation and upgrading should focus on the core highway network comprising the national Ring Road and border links. The first priority is to implement fast track projects throughout the country to remove all bottlenecks such as collapsed bridges, disintegrated pavements, and damaged tunnels. These roadworks should also generate employment through extensive subcontracting, labor-intensive methods and inclusion in projects of extensive drainage, erosion protection, and routine maintenance works. The desired outcome would be to restore normal traffic operations on the main road network, facilitating transport movements on key import/export links and main corridors. A second early priority is to begin construction of the missing section of the Ring Road (Herat to Shiberghan). To break the historic isolation of minorities, it is also critical to initiate as soon as possible work on the Central-Afghanistan roads connecting Kabul to Hazarajat, and Hazarajat to Herat and to Mazar-e-Sharif.

13. Given the weak capacity of the private sector in Afghanistan, the initial emphasis should be on utilizing local enterprises as subcontractors to large international contractors, thus exposing local businesses to the quality of work and international standards required in the reconstruction of the regional highway network. At the same time this would provide on-the-job learning while the responsibility for quality of works remains with the international contractor. This would allow building of local capacity to undertake major road rehabilitation work with low cost and at low risk, while ensuring fast implementation.

14. Poor access to villages in rural areas is a key constraint to rural development. A tremendous potential exists for generating employment opportunities while addressing rural isolation through a labor-based rural access road construction program. Further studies are needed to define such a program. One option could be the establishment of a rural access fund, initially financed by grants, to provide for labor-intensive investments that improve accessibility at the rural level in response to the priorities set by villagers themselves.

15. Technical assistance is urgently needed to facilitate speedy implementation and better define future years of the road program. These involve construction supervision, defining future institutional and financing arrangements for the road sector, supporting

the local construction and consulting industry, preparing a national highways strategy, and ensuring road safety.

2. Civil Aviation

16. Civil aviation has always been an important transport mode because of the size and geography of Afghanistan. An efficient air transport system will facilitate reconstruction, especially during the period when internal security is being stabilized. Immediate priorities for the first year include

- (i) installing Emergency Air Traffic Services (ATS) for both international and domestic air traffic, which would also generate income from over-flying rights;
- (ii) designing and tendering of contracts for rehabilitation of airports and facilities; and
- (iii) strengthening government capacity to manage the sector and regulate safety.

17. Over the next 2.5 years emergency rehabilitation will be needed at key airports (Kabul, Kandahar, Herat, Kunduz, Mazar-e-Sharif, and Jalalabad), as well as reinstatement of basic communication and navigational aid facilities to enable minimum air traffic services. However, the bulk of rehabilitation investments could be back-loaded.

3. Water and Sanitation

18. Improving water and sanitation would produce substantial health benefits and improve the quality of life, particularly for women. Putting the right institutional arrangements in place will be key to raising the quality of water and sanitation services in urban and rural areas. Across developing countries, public sector institutions for delivery of water and sanitation services have often proved chronically unable to provide widespread access to clean water and sanitation services. This experience needs to be taken into account in considering options for service rehabilitation and expansion. One option that has been successful in another postconflict situation, and could be considered in Afghanistan, is for management and development of urban facilities to be provided by private companies, with investment supported by the public sector.

19. Village water and sanitation could continue to be provided by communities themselves, supported by the local private sector. The fastest way to improve services would be to tap the considerable capacity existing in the NGO sector. The principal NGOs in the sector are familiar with the community approaches most suitable for sustainable delivery of on-site facilities. Given the current state of disrepair of most systems, priority could be given to small repairs, purchase of spare parts for piped water supply systems, and installation of hand pumps in the cities and priority rural areas. In the allocation of funds, priority should be given to areas expecting a considerable return of refugees and internally displaced persons, having high incidence of waterborne diseases, affected by drought (lowering of the water table), or with coverage levels significantly below the average. Promotion of sanitation and hygiene education in the areas with improved water will enhance the health benefits of these interventions.

20. Rehabilitation of existing urban facilities and urgent capacity expansion should also start immediately, although given the poor state of the infrastructure in most towns many of these works may be sizeable and will therefore go beyond the initial year. Apart from some urgent repairs that produce quick results, there is a case for waiting until new institutional arrangements are in place—including arrangements that could enable contracting out of management and implementation of rehabilitation of water supply and sanitation facilities.

21. Immediate priorities in the water and sanitation sector program for the first year could include

- (i) essential repairs to urban piped systems and moves towards basic cost recovery;
- (ii) improved access to water for 420,000 in priority rural areas; and
- (iii) preparatory work to define and implement new institutional options.

22. Over the next 2.5 years further activities could include

- (i) letting contracts for rehabilitation and expansion of urban piped water systems to serve an additional 1.9 million people and to collect revenues;
- (ii) improve water access for 2 million people in rural areas and 320,000 in urban areas through on-site facilities; and
- (iii) implement major programs on latrine improvement affecting 550,00 people and hygiene awareness for 2 million people.

4. Energy

a. Immediate Actions

23. The energy sector is one where early decisions on institutional arrangements will have far-reaching impacts for the future. The experience of public power utilities and state petroleum companies in developing countries has been largely negative in terms of cost-effectiveness, access to energy supplies (particularly for the poor), and quality of service. A number of strategic choices will need to be made on allowing competition in supplying fuel, developing natural gas and hydroelectric resources, determining Afghanistan's engagement in regional energy trade, strengthening the role of the private sector in electricity supply and extending electricity coverage to the 94% of the population without access.

24. In the petroleum sector the priority is to restore the supply of petroleum fuels for cooking, heating, and transport. This will require repairs or creation of storage facilities, bottling facilities, and distribution outlets. The local and regional private sector could provide most of these facilities and competition should lead to lower prices as costs such as road transport fall when trunk roads are repaired. Existing facilities could be repaired where this is cost-effective, with decisions on ownership arrangements being taken later.

25. Priorities in the power sector are to repair supply, especially for health facilities, water supply facilities, key government offices, businesses and, where possible, private residences. An on-the-ground damage assessment needs to be carried out, but it is likely that a number of critical repairs could lead to significant improvements in quality of service.

26. For the longer term the Government has the option for delivery of electricity supply in urban areas through private concessionaires with some public support for investment. Community and small-scale private approaches to electrification have great promise for expanding electricity coverage, especially in mountainous regions where village level hydroelectricity is technically possible.

27. Immediate technical assistance is needed to define emergency repairs to the power system, and to assist the AIA in developing its energy strategy and providing the contractual framework for private sector involvement in petroleum distribution, electricity supply and in the development of natural gas resources.

5. Communications

a. Immediate Actions

28. Investment in telecommunications in both the short and the longer term is likely to be dominated by the private sector—but urgent policy framework issues need to be resolved in the short term to facilitate investment and service expansion. International experience, even in post conflict conditions, suggests that telecommunications investment needs minimal government expenditure. Sustained periods of 100% annual growth in subscriber numbers can be achieved in the first years of a competitive mobile market. A teledensity of 10 per 1,000 (a realistic target for the next 2 years) would require private investment conservatively estimated at around \$200 million, with competitive private investment taking the lead.

29. Establishing a regulatory and contractual environment that promotes competition and new entrants is key to the rapid expansion of telecommunications services. Donor support will be required mainly for technical assistance and capacity building along the following lines:

- (i) providing legal services to support the AIA in critical areas of regularizing contracts of incumbent operators; and
- (ii) supporting early work on sector reform, regulatory design, and tendering of licenses.

6. Urban Management, Services and Housing

30. The urban vision is for well functioning cities with inclusive, efficient, and self-sustaining management systems, operated by municipalities in close collaboration with the citizens. Municipalities would be the principal actors for reconstruction of the urban environment, with full involvement of the urban residents, through continuation and expansion of consultative processes already established in five major cities. A key strategic choice is the balance between community-based self-help and centrally funded programs implemented with municipalities using contractors. Such choices cannot be made without consultations within Afghanistan, but a starting proposition is for repairs to houses done by families and communities, with public infrastructure repaired by contractors. Mechanisms to resolve property ownership disputes are urgently needed and would align incentives for families to invest in housing. The return of large number of refugees could overwhelm the cities and lead to the development of shanty towns. Urban planning that leads to the rapid establishment of serviced land for housing and

other purposes so as to create a habitable urban environment needs to be established. Protecting the urban environment also requires rehabilitation of garbage collection services and provision of drainage. Urban reconstruction and development activities will need to take place in the context of municipal management.

a. Immediate Actions

31. Priorities for housing and urban development involve rehabilitation of housing and urban infrastructure, strengthening urban management and laying the foundation for efficient, habitable cities, including through cultural heritage projects. The first of these priorities must be to provide shelter and basic services to residents and returnees. Debris will have to be cleared, unsafe structures demolished, and infrastructure repaired and restored through municipal and community-based actions. The option of providing targeted grants to households for shelter (possibly also in rural areas) could be considered given the positive experience with such approaches in other countries. Locally produced building materials are likely to be supplied through supporting small-scale producers to recycle debris.

32. Technical assistance and recurrent cost support would be needed to strengthen municipal management, for land use planning and to prepare for adequate supply of serviced land for future housing development. Consideration should be given to contracting out municipal services to the private sector. Solid waste collection by a contractor funded initially by external support has been proven to be more effective in postconflict situations than municipally operated specialized vehicles. Other services such as street cleaning and maintenance of drains also lend themselves to contracting out.

C. Longer Term Needs and Options

33. Issues, opportunities, and constraints for infrastructure development after the initial recovery phase vary across sectors, and between urban and rural locations. Community and small-scale private initiatives are likely to dominate in improving services access at the household level for some time—and in rural areas these may remain the best solution in the longer term. Therefore, it is critical that these approaches be facilitated rather than crowded out by larger, more formal schemes. Directions to be considered in meeting longer-term needs include

- (i) moving to more substantial investments in improving and expanding services for major network infrastructure (primarily national and urban), conditional on government decisions on policy, institutional, and regulatory frameworks;
- (ii) for nonnetwork/smaller-scale infrastructure (primarily but not exclusively rural) continuing to build services through community and small-scale service providers—with more attention to options for targeting subsidy support for access to services such as modern energy and telecommunications; and
- (iii) moving towards increased cost recovery, in particular, recovery of recurrent costs through revenues and taxes.

34. In most sectors, the magnitude of required investment will increase with the shift from rehabilitation to system expansion and modernization. But investment is highly

sensitive to the supporting policy framework, development of delivery capacity (private and community as well as public), and progress toward cost-recovery.

35. Examples of the transition from recovery to development for infrastructure sectors include

- (i) **Roads:** moving to upgrading of secondary and tertiary road networks to reduce isolation of rural communities; continuing expansion of village access; continuing restoration and possible expansion of national road network;
- (ii) **Civil Aviation:** repairing and retrofitting of terminal and supporting infrastructure at Kabul and key regional and smaller airports;
- (iii) **Energy:** developing energy resources (notably natural gas, hydropower), potentially for export; expanding electricity generation capacity (e.g., doubling generating capacity to 900 MW in 10 years) with corresponding enhancement of transmission and distribution capacity; expanding options for access to modern, clean fuels in rural areas. Some shift in financing investment could take place from the public to private sectors;
- (iv) **Telecommunications:** expanding wireless-based services in urban and rural areas (target teledensity of 50 per 1,000 by year 10), primarily through private sector investment and delivery, but with potential for subsidy schemes to promote access in isolated rural areas;
- (v) **Water and Sanitation:** markedly expanding access to potable water in rural areas and to piped water schemes in urban areas – raising access to potable water towards 50% of the population, and access to safe sanitation by 25-50% within 10 years; and
- (vi) **Urban Housing and Services:** moving beyond emergency road and drain repair to system expansion; increasing private delivery in municipal services financed through cost recovery; and policy framework to support reemergence of housing improvement loans.

VII. AGRICULTURE, FOOD SECURITY, AND NATURAL RESOURCE MANAGEMENT

A. Current Situation

1. Agriculture has traditionally been the largest source of economic output in Afghanistan, and 85% of the country's population is engaged in the rural economy. Agriculture in Afghanistan is largely a household activity, with women and children as well as men having important roles in crop production, horticulture, and the rearing of livestock. Tragically, agricultural activity has been depressed by 3 years of drought and more than two decades of war. Environmental degradation caused by the pressure on the natural resource system, including the ploughing of steep hillsides, stripping of brushwood for fuel, and use of animal dung for fuel rather than fertilizer, has further reduced productivity. As refugees return to rural areas, pressure on natural resources—particularly water and forests—will likely increase, raising risks of further environmental degradation. Cereal production, the main determinant of domestic food supply, has fallen by almost 40% since 1999, and is only half of what it was in prewar years. Food supplies are critically dependent on cereal production and cereal import requirements are currently about 2 million tons.

2. Agriculture relies heavily on irrigation, since rainfall is scant and highly variable over those parts of the country where topography and soils are suitable for cultivation. Prewar surveys indicated that 80% of wheat and 85% of all crops were produced on irrigated land. Since 1996 the irrigated area, has declined by around 60%. Irrigation is dominated by small and medium river valley schemes owned, operated and maintained by village communities. This high level of community ownership should provide a strong basis for a sustainable, community-driven approach to rehabilitation. Large-scale irrigation schemes covering over 100,000 hectares (ha) are found in the northern and western plains, but these are plagued by severe management problems, waterlogging and salinity, and by induced and destructive changes in river regimes. In 1997, the area requiring rehabilitation was about 1.7 million ha.

3. While landholding patterns in Afghanistan vary greatly, both between and within districts, sharecropping is common on irrigated lands. Poorly-designed and controversial land reform programs were undertaken in the 1960s and 1970s but in the past two decades re-allocated land has largely reverted to original owners or been seized by commanders. Disputes and conflicts over landownership or usage are common in parts of the country.

4. Through the 1980s, the livestock subsector provided food, draft power and fiber and was a major source of cash income. Livestock also accounted for about 40% of total export earnings. While herd numbers declined significantly during the war years, herds (particularly sheep and goat) did begin to recover in the mid-1990s, only to be devastated by the current three-year drought. Herd numbers are estimated to have fallen by about 40% since the drought began.

5. In the late 1970s, horticulture accounted for around 40% of the country's export earnings, though occupying only some 6% of the total arable land and 12% of the irrigated land. Horticultural production declined rapidly during the war years, but began to recover significantly after 1992. A 1996 FAO survey found that 40% of orchards were less than 15 years old, indicating strong resilience among farmers, replanting and improving their orchards.

6. As described in Chapter III, large amounts of arable land, particularly in the southwest and northeast of the country, were devoted to poppy production prior to the Taliban ban. The

area under poppy cultivation was reduced considerably under the ban, but began to rise again in 2001. Further increases are likely in the absence of alternative income sources (agriculture, nonfarm income-generating opportunities), and effective enforcement of the drug ban.

7. A growing, less vulnerable, more diverse rural economy that provides opportunities for rural women and men is essential to improve rural livelihoods. Agriculture, water sector, and natural resources recovery must be coordinated with other programs including education, health, accessibility, rural finance, and private sector development to form a multisectoral launching platform for achieving this vision..

8. Sustained rural recovery will require ensuring free access to domestic and external markets, promoting efficient functioning of input and output markets, and facilitating local and community ownership and management. Food insecurity is likely to persist in the short term, so a combination of programs that increase food and livestock production, create wage employment opportunities and provide a safety net for the vulnerable groups may be required. Early delineation of public and private sector roles in these initiatives is needed to avoid creating a system that crowds out the nongovernment sector in the long term.

9. Rural recovery cannot be discussed without parallel discussion of critical natural resource issues. The major environmental challenge facing Afghanistan is the impact of the return of refugees on already stressed water and forest resources. When the refugees return to rural areas, the carrying capacity of the land will depend not only on food and fuel supplies, but more broadly on success in rehabilitating agricultural systems – particularly irrigation systems – seeds and fertilizers. If food and fuel support is not available, people are likely to practice environmentally degrading methods of agriculture, and sources of energy, simply to stay alive. In this context, the development and implementation of sound policies for natural resource management will be critical in the long-term to Afghanistan's long-term prospects for a strong agriculture sector, and to the well-being of rural households and communities.

B. Short-Term Priorities

10. In the short term, the priority for the rural sector will be the recovery of farm production and irrigation capacity on a selective basis, coupled with programs to address key policy and institutional capacity issues that enable the AIA to guide and support growth, while avoiding threats to natural resources through overexploitation of groundwater, and degradation of soils, pastures and forests.

11. In implementing this program, the fostering of markets and engagement with the private sector will be crucial. In particular:

- (i) access to domestic and external markets will be a critical stimulant for recovery in the short term and for the success of the reconstruction effort in the medium and longer term;
- (ii) an open trading regime with bordering countries will provide the goods needed by communities and thus facilitate the recovery process. In the case of agriculture it will facilitate the functioning of input and output markets as well bringing consumers goods into rural areas; and
- (iii) public private partnerships will help reduce risks, perceived by the private sector and communities.

12. An early delineation of public and private sector roles is needed to avoid creating a system that crowds out the nongovernment sector in the long term.

1. Immediate Actions

13. The priority in the first year will be quick-gestation rural recovery and employment programs that restore community and household food security and protect the vulnerable. Emphasis should be given to community-driven interventions to the maximum extent possible. This would enable the quick launch of an effective and financially sustainable program of recovery and rehabilitation. Rural development activities would be coordinated with the Government's anti-poppy programs to promote maximum feasible crop substitution.

14. Other actions that could be initiated in the first year include

- (i) distributing essential agricultural inputs (seeds, tools, machinery, spare parts, fertilizer, and livestock vaccines);
- (ii) designing an irrigation rehabilitation program and agreeing on institutional arrangements; and
- (iii) designing programs and initiating pilot projects for forestry and watershed management (including sites identified and recruitment started).

15. Better information is urgently needed to support the development of sound policies for the rural sector, and to ensure effective targeting of assistance. To support longer-run planning, there is an urgent need to collect, organize and analyze data on the status of agriculture and the rural economy. A key immediate task is to develop regional, social and poverty-related criteria for the targeting of government interventions.

16. Within the next 2 years, it will be essential to restore a significant capacity for seed production and planting materials, expand plant protection programs, and expand animal disease control programs, particularly for sheep, goats, and poultry, which provide the quickest potential to improve food security and generate income. The rehabilitation of key rural infrastructure, particularly irrigation and drainage, rural access roads, and related structures would also be a high priority.

17. Pesticides and toxic chemicals used for agriculture can pose a serious health hazard. Outdated and banned supplies still exist and need to be located and disposed of safely. An enforceable regulatory framework is essential for the safe transport, storage, and use of chemicals, fertilizers and toxic chemicals used in the agriculture sector.

18. Particular effort will be required to ensure that women and other vulnerable groups, from the beginning, are engaged in and benefit from rural recovery initiatives. Here, options for the medium term include capacity building and skills enhancement training on marketing and food processing, targeted at women and other vulnerable groups, and the development of mechanisms for providing these groups credit to initiate projects in such areas as food-processing, livestock development, agro-based cottage industry, sericulture, and carpet-weaving.

19. A comprehensive approach to water management and livelihoods is proposed from the start—while rehabilitation of irrigation and drainage schemes progresses—focus should remain on the integrated management of soil, pasture, and forests in each watershed to improve water harvesting and conservation. Wherever possible indigenous knowledge and coping strategies and skills need to be incorporated and strengthened. At the same time the standards for technical assistance to farmers and village organizations would be improved and appropriate international best practices introduced.

20. In developing short- to medium-term programs for irrigation and broader water resource management, some basic principles, building on the existing water laws, can apply. A river basin and watershed approach to programming will be essential if water security is to be increased. Within this river basin and watershed framework, the focus should be on strengthening traditional village mechanisms for water and scheme management and maintenance and the full participation of the village in the rehabilitation works. Selection and sequencing of scheme rehabilitation within a watershed should ideally be based on community priorities and willingness to participate in rehabilitation works and assume control of operation and maintenance. At the village and scheme level, rehabilitation would focus on meeting all water needs including domestic and livestock drinking water, irrigation, ecological requirements including the protection of water quality and health, and sustaining the diverse ways in which land within the scheme is used to support household livelihoods.

21. A comprehensive approach to water management and livelihoods would become the focus of the approach as scheme rehabilitation progresses. Over time, there could be an increasing focus on the integrated management of soil, pasture, and forests in each watershed to improve water harvesting and conservation with the aim of improving groundwater recharge, reducing vulnerability to drought and enhancing and increase opportunities to improve livelihoods. Wherever possible indigenous knowledge, coping strategies and skills would be incorporated and strengthened. At the same time, standards for technical advice and assistance to farmers and village organizations would be improved and appropriate international best practices introduced.

22. Forestry resources priorities include the reactivation of prewar systems to protect forests, especially in the face of lucrative cross-border trade in timber. Sustainable markets can be developed through supporting village level forestry with fast-growing species to stabilize watersheds and provide firewood and as a cash crop for rural households. Protecting and ensuring equitable access to common property (e.g., nontimber forest products including wild pistachio nuts, grazing lands, and brushwood) particularly for the landless and very poor is also a priority concern.

23. In the first 2.5 years, priority actions for natural resource and environmental management will include

- (i) the preparation of a national conservation strategy to provide a cross-sectoral analysis of conservation and resource management issues. The objective would be to identify the country's most urgent environmental problems, raise public consciousness about environmental concerns, assist the AIA and the subsequent transitional administration in setting priorities, and move toward building the institutional capacity required to handle complex environmental issues;
- (ii) the piloting and scaling up of projects aimed at environmental rehabilitation that engage the potential beneficiaries of these projects and rely on local traditional knowledge—including projects for afforestation, reforestation, watershed management, environmental health improvements and renewable energy; and
- (iii) the development of baseline environmental data, including assessment of remaining forest and conservation areas, through remote sensing.

C. Longer Term Needs and Options

24. More complex programs would be implemented based on the initial planning and preparatory work. Such activities could include

- (i) implementing a policy framework to support competitive markets and private sector provision of agricultural support, marketing and agro-processing services;
- (ii) developing the hydrological monitoring network;
- (iii) promoting improved technologies in the irrigated and rainfed crops, livestock, horticulture, forestry and agro-forestry, and irrigation sectors (water management);
- (iv) sustaining community-driven rehabilitation and improvement of small and medium irrigation schemes;
- (v) fostering the development and outreach of a sustainable rural and microfinance system;
- (vi) rehabilitating of large traditional, modern, and multipurpose irrigation and drainage schemes (including hydropower) within the context of a water sector strategy;
- (vii) expanding watershed management and forestry and agro-forestry program to priority areas; and
- (viii) rebuilding and strengthening the public institutional capacity to develop environmental policy and related regulatory and institutional responsibilities, in collaboration with local governments.

VIII. COST ESTIMATES

1. Estimates for total funding requirements on a commitment basis have been prepared using two independent approaches. The first approach utilized an analysis based on the total costs of aid previously implemented in other postconflict countries. Among large countries emerging from conflict, including several in Asia and Africa with per capita incomes similar to Afghanistan's, average annual aid per capita was in the \$40-80 range. Following this methodology, a range was then calculated for Afghanistan. Assuming Afghanistan has a population of 25 million, total financing needs would range between approximately \$10 billion and \$20 billion over 10 years. This comparison needs to be treated with caution, however, given that the extent of destruction and absorptive capacity varies across countries.

2. The second approach, the focus of this note, assessed recovery and reconstruction needs on a sector-by-sector basis. This assessment was undertaken through secondary sources that did not include field surveys due to security limitations. The estimates were broken down between capital investment (including technical assistance) and recurrent costs. Estimates excluded investments that are expected to be undertaken with private sector financing.

3. Donor funding requirements were estimated for each sector within a range. The low, base, and high case scenarios reflect different assumptions about absorptive capacity, investment priorities and rates of economic growth. As shown in Table 1, the total base case financing requirements from the sectoral analysis amounted to \$1.7 billion in the first year, \$4.9 billion over 2.5 years, \$10.2 billion over 5 years, and \$14.6 billion over 10 years. High and low estimates are estimated to be \$1.4 billion-\$2.1 billion in the first year, \$4.2 billion-\$6.5 billion over 2.5 years, \$8.3 billion-\$12.2 billion over 5 years, and between \$11.4 billion-\$18.1 billion over 10 years. The projected funding requirement ranges for each sector over the 10-year period are shown in Table 2.

4. Financing requirements are on a commitment basis, that is, the amount of donor financing required to initiate programs and projects. Actual financial disbursements relative to investments will experience a variable lag depending on the absorptive capacity and the nature of the sector programs. Donor financing commitments for recurrent expenditures would not likely experience such lags.

5. The main areas of recurrent costs are associated with teachers, public health workers, and other basic functions of government. During the first 2.5 years, domestic revenue is expected to be minimal, thus the establishment of basic government will have to depend on international assistance. It is assumed that revenue will gradually increase during the consolidation period after the election of a permanent government, and over the 5 - 10 year period, domestic revenue (assuming tax revenue at 10% of GDP) would be sufficient to cover noninterest current expenditures, and hence little or no recurrent cost financing would be needed from donors.

6. Tables 3 and 4 outline the budgetary projections and the associated macroeconomic assumptions, together with their evolution over the 10-year period.

Table 1. Base Case - Cumulative Estimates of Funding Requirements on Commitment Basis
(US\$ million)

Range of Estimates

Scenario	1 Year	2.5 Years	5 Years	10 Years
Base Case	1,700	4,900	10,200	14,600
Low Case	1,400	4,200	8,300	11,400
High Case	2,100	6,500	12,200	18,100

Base Case Capital Investments and Technical Assistance by Sector

Sector	1 Year	2.5 Years	5 Years	10 Years
Security				
Security Force and Police	180	320	320	320
Mine Action	60	150	450	660
Drug Control	30	110	290	380
Sub-total	270	570	1,060	1,360
Governance and Economic Management				
Governance and Public Administration	140	330	500	520
Local Governance and Community Driven Development	70	300	600	800
Private Sector Development	20	110	200	200
Gender	10	10	20	40
Environment	10	20	30	30
Cultural Heritage	10	20	30	30
Sub-total	260	780	1,370	1,620
Social Protection, Health and Education				
Education	80	210	650	1,240
Health	50	210	380	640
Social Protection	130	350	400	490
Sub-total	260	760	1,430	2,380
Infrastructure				
Transport	50	180	1,030	2,390
Civil Aviation	10	30	60	70
Water and Sanitation	30	100	230	580
Energy	40	240	760	1,330
Telecommunications	10	40	80	120
Urban Management, Services and Housing	30	130	250	320
Sub-total	170	720	2,400	4,810
Agriculture and Natural Resources Management				
Subtotal	70	280	850	1,360
Total Development Expenditures	1,000	3,110	7,110	11,530
<i>Of which Technical Assistance and Inst. Development</i>	<i>100</i>	<i>330</i>	<i>550</i>	<i>830</i>

Base Case Recurrent Costs for All Sectors

Total Recurrent Expenditures	700	1,800	3,100	3,100
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Table 2. Low and High Cases
Cumulative Estimates of Funding Requirements on Commitment Basis
(US\$ million)

Capital Investments and Technical Assistance by Sector

Sector	1 Year	2.5 Years		5 Years		10 Years	
		Low	High	Low	High	Low	High
Security							
Security Force and Police	180	250	380	250	380	250	380
Mine Action	60	150	900	450	900	660	900
Drug Control	30	110	120	250	330	320	440
Sub-total	270	510	1,400	950	1,610	1,230	1,720
Governance and Economic Management							
Governance and Public Administration	140	200	450	270	520	290	550
Local Governance and Community Driven Development	70	230	370	470	730	630	970
Private Sector Development	20	90	130	160	250	160	250
Gender	10	10	10	20	20	40	40
Environment	10	20	20	30	30	30	30
Cultural Heritage	10	20	20	30	30	30	30
Sub-total	260	570	1,000	980	1,580	1,180	1,870
Social Protection, Health and Education							
Education	80	210	210	610	690	1,180	1,310
Health	50	200	220	360	400	600	670
Social Protection	130	260	430	320	480	410	570
Sub-total	260	670	860	1,290	1,570	2,190	2,550
Infrastructure							
Transport	50	180	270	580	1,240	1,370	2,890
Civil Aviation	10	30	30	50	60	60	90
Water and Sanitation	30	50	130	110	420	280	1,260
Energy	40	230	240	630	780	780	2,090
Telecommunications	10	40	40	80	80	120	120
Urban Management, Services and Housing	30	180	190	280	320	320	370
Sub-total	170	710	900	1,730	2,900	2,930	6,820
Agriculture and Natural Resources Management							
Sub-total	70	280	280	850	850	1,360	1,420
Total Development Expenditures	1,000	2,710	4,420	5,780	8,480	8,890	14,390
<i>Of which Technical Assistance and Inst. Development</i>	<i>100</i>	<i>290</i>	<i>360</i>	<i>490</i>	<i>610</i>	<i>750</i>	<i>960</i>

Recurrent Costs for All Sectors

Total Recurrent Expenditures	700	1,500	2,100	2,500	3,700	2,500	3,700
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7. Data and assumptions are subject to confirmation and revision following the post-Tokyo Detailed Needs Assessment.

8. General assumptions include:

- Funding projections reflect reconstruction aid requirements on commitment basis, on account of (i) capital investment, (ii) technical assistance and institutional development, and (iii) recurrent expenditures not financed by the Government budget.
- Funding projections are net of expected private sector investment.
- Recurrent expenditures were forecasted based on macroeconomic benchmarks and were crosschecked with aggregated sector estimates.
- Figures for cross-sectoral themes such as gender and environment are itemized for cross-sectoral technical assistance and institutional development only. Expenditures to address priorities in specific sectors are included in sectoral totals.
- Details on the main assumptions used for preliminary sector-by-sector assessments are listed in Table 5.

9. Assumptions on major macroeconomic variables, listed in Table 3, underpin the estimates of recurrent costs shown in Table 4. The first period of transition ends in year 2.5, when the permanent government should be elected according to the timetable in the Bonn Agreement. The 2 subsequent years are envisaged as a period of consolidation, during which the new government will make permanent decisions about policy and major activities. The period covering years 5 - 10 is envisaged as the period of return to normalcy.

Table 3. Base Case – Macroeconomic Assumptions

Indicator	Year 1	Years 1-2.5	Years 2.5-5	Years 5-10
Population (million, average period)	25	26	28	31
GDP average annual growth rate (%)	15%	15%	10%	7%
GDP annual total (\$ billion)	5.0	5.9	7.6	10.1
GDP period total (\$ billion)	5.0	8.8	19.0	50.5
Per capita GDP average annual growth rate (%)	12%	12%	7%	4%
Per capita GDP (\$)	200	226	271	326
Govt. employment (all functions excl. defense)	225,000	220,000	250,000	275,000
Defense employment (yearly recurrent cost, \$m)	118	118	118	118
Wages, annual average (\$/year)	1,200	1,250	1,350	1,650
Benefits (% of salaries)	30%	30%	30%	30%
O&M (% of total wage bill)	66%	66%	50%	50%

10. Recurrent costs have been estimated based on macroeconomic data and the assumptions listed in Table 4 and related notes. Recurrent costs were also estimated using sector data and assumptions. Sectoral estimates of recurrent costs were found to fall within macroeconomic estimates.

Table 4 – Base Case – Recurrent Financing Needs
(US\$ million)

Item	Year 1	Years 1-2.5 (Transition)	Years 2.5-5 (Consolidation)	Years 5-10 (Normalcy)
Domestic Revenue¹	0	0	600	5,000
Recurrent Costs				
Regular Salaries ² (All Govt. functions excl. defense)	270	410	840	2,270
Benefits ³ (All Govt. functions excl. defense)	80	120	250	680
Operations and Maintn. ⁴ (All Govt. functions excl. defense)	230	350	550	1,470
Salaries, Benefits and O&M ⁵ (Defense-related)	120	180	300	580
Transfers	N/A ⁶	N/A	N/A	N/A
Interest	N/A	N/A	N/A	N/A
Total Recurrent Costs	700	1,070	1,940	5,000
<i>As % GDP</i>	<i>14%</i>	<i>12%</i>	<i>10%</i>	<i>10%</i>
Total Recurrent Costs (Cumulative)	700	1,770	3,710	8,710
Total Aid Requirements for Recurrent Costs (by Period)	700	1,070	1,340	0
Total Aid Requirements for Recurrent Costs (Cumulative)	700	1,770	3,110	3,110

Table 4 Notes:

- (1) Domestic revenue is assumed to be zero during the transition period (years 0 - 2.5). The assumption of zero revenue during the transition period suggests that whatever revenue is collected will allow the Government a small degree of freedom to finance a variety of expenditures. Beyond year 2.5, domestic revenue (including "ordinary" current grants) is envisaged to rise gradually to about 6% of projected GDP by year 4, or 4% on average during years 2.5 - 5. During years 5 through 10, domestic revenue is assumed to stabilize at about 10% of GDP, which is sufficient to finance projected current expenditure (including interest payments). External financing would then only be used for investment or special programs, thereby meeting the "golden rule" of government borrowing.
- (2) Assumptions regarding the size of the government workforce are based on the concept of limited but effective government, which translates to a comparatively small but reasonably well-paid government workforce. A total government workforce of 1% of population (including central, provincial, and local governments, but not the military) would be lower than comparable countries in the region, and among the lowest in the developing world. Limiting government employment to 1% of population requires, in addition to a policy of

limited government, substantial recourse to the private sector, communities, and NGOs to deliver public services. A population of about 25 million would therefore yield an “optimal” total government workforce of 250,000. At present there are about 170,000 government employees. In the base case, it is assumed that the number of government employees will increase from 170,000 at the beginning of year 1 to 220,000 during the transition period, and reach 250,000 during the consolidation period. The increase during the transition period results from a combination of the hiring of 100,000 staff (which includes former employees which were dismissed, mainly for the social sectors), and the retrenchment of an estimated 50,000 staff. An average wage of \$100/month is assumed initially, which rises in parallel with the projected increase in per capita GDP to about \$140/month on average during years 5 - 10. Wage levels would therefore be at about 5 times per capita GDP throughout the 10-year period and would compare favorably with other countries in the region and the developing world in general.

- (3) Following the norms prevalent elsewhere, benefits have been estimated at 30% in the base case (see Table 3).
- (4) Noting international norms for adequate operations and maintenance (O&M) expenditure is between 1/3 and 2/3 of the wage bill, it is expected that during the transition period, operational costs will be pushed to the upper limit of this range because of transportation, communications and security difficulties. The estimates in the table assume O&M expenditure equal to 66% of the wage bill for the first 2.5 years, which then decline thereafter to 50% of the wage bill.
- (5) Assumption of security force size and costs were provided by AIA. The team did not assess the appropriateness of these numbers as this falls out of the scope of the needs assessment exercise.
- (6) Not available.

Table 5. Assumptions on Base Case Estimates by Sector

Note: All funding estimates listed in Table 5 refer to the 10-year period and are on a commitment basis. Recurrent costs are not included.

Sector	Funding Requirements – Capital Investment, Technical Assistance, and Institution Building Costs
Mine Action	<ul style="list-style-type: none"> • Data refers to the continuation and expansion of the UN Mine Action Programme. • Base and low case scenarios assume completion of Program in 7 years, at a cost of \$660 million. • High case scenario assumes shorter duration (3 year) at a cost of about \$900 million.
Security	<ul style="list-style-type: none"> • Investment costs including: <ul style="list-style-type: none"> ○ \$215m for start-up equipment for a security force of 60,000 (cost of weapons not included) ○ \$100m for start-up equipment for a police force of 30,000, and National Bureau of Investigation force of about 10,000.
Social Protection for Vulnerable Groups	<ul style="list-style-type: none"> • \$490m has been estimated for both urban and rural areas • Programs are short term in nature (about 2.5 years) and include: <ul style="list-style-type: none"> ○ Short Term emergency public works employment programs, <ul style="list-style-type: none"> • \$90m to employ 180,000 persons in urban areas • \$180m to employ 200,000-400,000 persons in rural areas ○ \$100m assistance for the disabled, ○ \$100m demand-responsive fund for women, ○ \$10m for vocational training assistance for 25,000-100,000 persons, and ○ \$10m for supporting enterprise development and microfinance among targeted groups. ○ \$1.5m for assessing the labor market and start-up of employment services.
Health	<ul style="list-style-type: none"> • Millennium Development Goals are targeted. • Capital investment programs and estimated expenditures over 10 years include: <ul style="list-style-type: none"> ○ \$380m for restoration and rehabilitation of hospitals, ○ \$120m for restoration and rehabilitation of health centers and women's clinics, ○ \$50m for administrative start-up costs, and ○ \$90m for institutional development.
Education	<ul style="list-style-type: none"> • Millennium Development Goals are targeted. • Capital investments for primary education for 10 years are estimated to be about <ul style="list-style-type: none"> ○ \$600m for primary education, ○ \$300m for secondary education, and ○ \$200m for tertiary education.
Agriculture and Natural Resources	<ul style="list-style-type: none"> • Investments in agriculture over 10 years are assumed to include <ul style="list-style-type: none"> ○ \$500m for input production - seed multiplication and distribution schemes, ○ \$300m for restoration and development of irrigation systems, ○ \$300m for natural resource management and forestry, ○ \$100m for pilot programs, and ○ \$200 m for technical assistance

Sector	Funding Requirements – Capital Investment, Technical Assistance, and Institution Building Costs
Housing and Urban Services	<ul style="list-style-type: none"> • Investments in the urban sector include (over 10 years) include: <ul style="list-style-type: none"> ○ \$130m for shelter (winterization kits for 150,000 households & improvements to 150,000 existing units, and the establishment of 20 reception areas), ○ \$50m for solid waste – vehicles etc. (32 sites), ○ \$100m for urban roads and drains (250km), and ○ \$20m for urban management (repair buildings and equip 32 municipalities) ○ Estimates do not include urban water and sanitation investments (accounted for under water and sanitation)
Roads	<p>The assessment has been based on the 1994 Afghan road condition survey (ARCS). Cost estimates over 10 years include</p> <ul style="list-style-type: none"> • \$1,050m for the rehabilitation and upgrading of about 2,500 kilometers of the core road network (the Ring Road - Kabul-Qandhar-Herat-Maimana-Shiberghan-Mazaresharif-Pulekhumri-Salang-Kabul), • \$200m for labor based construction of rural and village access roads, • \$400m for labor based construction of the Herat-Shiberghan section (missing link) of the ring road and a new central highway from Herat to Pule Matak, and • \$700m for upgrading 3,000 km of two lane secondary roads and 5,000 km of single lane tertiary network to a blacktop standard (including provision of a sealed surface to minimize maintenance needs); and 4,000 km of village access roads.
Civil Aviation	<p>Ten-year capital investment costs (\$70m) are estimated to include</p> <ul style="list-style-type: none"> • \$50m for rehabilitation of 8 major airports including Kabul and Kandahar International Airports, and 6 regional airports • \$10m for rehabilitation of 14 smaller airports, and • \$10m for civil aviation and training center.
Energy	<p>Ten-year capital investment costs and technical assistance are estimated to include</p> <ul style="list-style-type: none"> • \$1,000m for electricity sector (doubling pre-war capacity to 900MW).. • \$90m for the petroleum sector, • \$150m for natural gas sector, • \$40m for coal sector, and • \$50m for New & Renewable Energy (NRER) sector.
Governance & Public Administration	<p>The majority of capital investment costs (\$520m) for governance include</p> <ul style="list-style-type: none"> • \$100m for rehabilitation of major government buildings for central, provincial and local governments, post offices, etc., and equipment of facilities (computers, furniture, etc.) and employees, • \$100m for technical assistance and institutional development, • \$250 for payment of arrears (170,000 employees eligible) and retrenchment costs (estimated 50,000 employees), and • \$70 for the media sector.
Telecommunications	<ul style="list-style-type: none"> • The majority of the total required capital investment should be financed by the private sector. • Donor aid may be required to attract private sector investment in areas of low viability. 10-year capital investment donor assistance is estimated at \$120m (total). <ul style="list-style-type: none"> ○ \$110m for restoration/expansion of existing system, and ○ \$10m for legal technical assistance.

Sector	Funding Requirements – Capital Investment, Technical Assistance, and Institution Building Costs
Water and Sanitation	<ul style="list-style-type: none"> • About \$300m total for urban water, sewage, on-site sanitation and hygiene for 27 cities includes: <ul style="list-style-type: none"> ○ \$200m for repair and expansion of urban water supply facilities, ○ \$40m for repair and construction of new sanitation and hygiene facilities, and ○ \$60m for TA and capacity building. • About \$280m total for rural water and sanitation/hygiene includes: <ul style="list-style-type: none"> ○ \$230m for provision of sustainable on-site water supply, ○ \$20m for sanitation and hygiene education, and ○ \$30m for TA and capacity building.
Gender	<p>The majority of investments costs are accounted for in sector estimates as gender issues are mainstreamed into sector programs.</p> <ul style="list-style-type: none"> • Gender-specific programs (\$40m over 10 years) include • \$5m for scaling up Ministry of Women Affairs (MOWCA) including provincial offices for all 33 provinces and urban satellite centers, • \$10m for re-establishment/rehabilitation of the Women’s High Association, and • \$25m for provincial outreach program/establishment of an office in about half the provinces.
Cultural Heritage	<ul style="list-style-type: none"> • Estimated costs over 10 years under cultural heritage (\$30m) include <ul style="list-style-type: none"> ○ \$5m for inventory of national cultural resources, ○ \$5m for pilot projects on cultural heritage, and ○ \$20m for rehabilitation of historical sites and the Kabul Museum and regional museums.
Environment	<p>The majority of investments costs are accounted for in sector estimates as environmental issues are mainstreamed into sector programs.</p> <ul style="list-style-type: none"> • Estimated costs under environment over 10 years are \$30m and are mainly for TA and pilot projects aimed at environmental rehabilitation (including reforestation, watershed management, development of renewable energy, environmental health improvements, etc.), Institutional Capacity Building, Environmental Assessment, preparation of a National Conservation Strategy, setting up of national protected areas, preparation of sectoral guidelines, etc.
Local Governance and Community Driven Development	<p>Projected expenditures (\$800m) include</p> <ul style="list-style-type: none"> • Expansion of UN and NGO-implemented community development programs as a way of ensuring immediate reconstruction impact at the community level (initially \$70m yearly) • An average yearly block grant of \$100,000 per district • Technical assistance, including: <ul style="list-style-type: none"> ○ \$2.5m for media based reconstruction communication strategy, and ○ \$5m for training of government officials
Private Sector Development	<p>Private sector development initiatives are short term in duration and will most likely occur at the beginning of the reconstruction, including:</p> <ul style="list-style-type: none"> • \$120m for microfinance, rural finance, SME finance, leasing, • \$5m for compensation of depositors, • \$10m for property rights, • \$5m for private sector legislation, • \$20m for privatization program, and facilitating private sector participation in infrastructure, and • \$40m for institutional development.

Drug Control	<p>Program capital expenditures are expected to be about \$380m over 10 years and include</p> <ul style="list-style-type: none">• Drug Control Commission established in Kabul and 5 Drug Control Units set up in key provinces;• Within the Afghan Security Force drug law enforcement agencies set up at capital and provincial levels;• Legal framework set up in compliance with drugs, crime and terrorism UN conventions.• Monitoring of illicit opium poppy cultivation carried out; and• Public awareness, alternative livelihood strategies, and assistance to poppy growing provinces.
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APPENDIX: IMMEDIATE ACTIONS
(Quick Impact Investment and Policy Action)

Possible Programs

- **Security**
 - Establish a professional police force of 30,000 men and women.
- **Drug Control**
 - Establish a Drug Control Commission in Kabul and Drug Control Units in key provinces (Badakhshan, Helmand, Nangarhar, and Kandahar).
 - Conduct needs assessment and program missions in key provinces.
 - Monitor illicit opium poppy cultivation.
 - Provide immediate assistance to landholders and sharecroppers.
 - Establish sanctions for growing poppies.
- **Mine Action**
 - Re-establish and support the Department of Mine Clearance.
 - Resume the Mine Action Programme in which 5,000 personnel will undergo supplementary training and be equipped to return to Afghanistan.
 - In this emergency phase the main goal is to clear mines and UXO from roads and facilities to support humanitarian response and to allow refugees and internally displaced persons to return safely to their homes.
- **Social Protection**
 - Provide the disabled with “Jaipur” limbs, cash benefits, and special needs education programs.
 - Undertake rural and urban employment programs using public works projects.
 - Scale-up existing micro-finance schemes to encourage business start-ups.
 - Establish an affirmative action policy to increase female employment in civil administration (in management and staff levels), including in the health and education sectors
- **Gender**
 - Initiate support program for Ministry of Women’s Affairs, including appointment of gender advisers and commencement of training
- **Governance**
 - Establish rules and procedures for the civil service.
 - Establish pay scales and pensions.

- **Local Governance**

- Fund the continuation and moderate expansion of NGO programs supporting community development in a variety of sectors, in close coordination with the AIA.
- Create intergovernmental institutional framework to define the roles and responsibilities of different levels of government and how local governments and communities can collaborate. Policy decisions are also required for targeting mechanisms for distribution of resources among districts and communities within districts.
- Design the demand-driven funding mechanism and implement it during the second half of 2002.

- **Judicial System**

- Launch a review of the compatibility of existing laws with Afghanistan's international legal obligations.
- Provide financial support for salaries and supplies for employees of the judicial system.
- Screen existing judges, selectively reintegrate former judges, and recruit new judges and prosecutors.
- Provide technical assistance to formulate parameters and organization of a human rights commission.

- **Economic Management**

- Establish a central bank, a payments system, and a banking supervision framework.
- Prepare an interim budget.
- Establish a treasury single account to receive all funds and make payments.
- Create an economic forecasting capacity, including the tracking of a few key prices.
- Establish and support an Aid Coordination Unit in the Ministry of Finance.

- **Health**

- Carry out a national immunization program that includes polio vaccination and vitamin A supplementation for children under 5 years of age.
- Undertake measles vaccination campaign covering 90 percent of children.
- Expand routine program for immunization (EPI) coverage to 40 percent.
- Expand supplementary and therapeutic feeding program.
- Provide basic service package (including reproductive health, communicable diseases, health and hygiene education and basic supplies) agreed upon and implementation plan in operation.
- Conduct refresher training for health sector personnel.

- **Education**

- Undertake “back to school” program to expand rapidly enrolment in primary school and provide textbooks and teaching materials.
- Rebuild school buildings in priority areas, and provide school furniture and equipment.
- Repair and reopen Kabul University and regional colleges.

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- **Cultural Heritage**

- Carry out rapid action to protect sites, survey monuments, and protect buildings from further collapse.

- **Roads**

- Establish policy and institutional framework for national, provincial, and local roads.
- Rehabilitate of the core highway network comprising the national “ring road” and border links.
- Implement fast track projects to remove bottlenecks like collapsed bridges, disintegrated pavements, and damaged tunnels on the main road network

- **Civil Aviation**

- Establish the policy and institutional framework for airports and their landing fees.
- Establish Civil Aviation Board to regulate safety and cost recovery.
- Establish Emergency Air Traffic Services (ATS) for international and domestic air traffic (thereby generating income from overfly rights).
- Design and tender contracts for rehabilitating airports and facilities.

- **Water and Sanitation**

- Establish the policy and institutional framework for water management.
- Conduct essential repairs to urban piped systems.
- Improve access to water in priority rural areas.

- **Energy**

- Provide technical assistance to help the Government develop its energy strategy and contractual framework for private sector involvement in petroleum distribution, electricity supply, and the development of natural gas.
- Provide emergency supply of essential fuels.
- Restore minimum power supply in major cities (especially for health facilities, water supply, key government offices and businesses).
- Conduct an ongoing damage assessment needs.

- **Communications**

- Design and set up emergency radio broadcast services.
- Create a telecommunications policy framework to facilitate investment and service expansion.
- Provide legal services to support the government in critical areas of regulating contracts of incumbent operators.
- Support early work on the telecommunications sector reform, regulatory design, and tendering of licenses.

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- **Urban Infrastructure**

- Establish mechanisms to resolve property ownership disputes (thereby encouraging families to invest in housing).
- Develop a municipal management framework to plan urban reconstruction.
- Provide shelter and basic services to residents and returnees.
- Initiate urban planning that leads to the rapid establishment of serviced land for housing.
- Rehabilitate garbage collection and drainage facilities to protect the urban environment.

- **Agriculture and Natural Resources:**

- Distribute essential agricultural inputs (seeds, tools, machinery, spare parts, fertilizer, and livestock vaccines).
- Design irrigation rehabilitation programs and agree on institutional arrangements and cost recovery.
- Carry out an environmental assessment and reach consensus on the principles governing environmental management of sector projects.
- Design programs and initiate recovery pilot projects for forestry and watershed management.